

Lebanese Show Growing Impatience With Israeli Occupation

By Joseph B. Treaster
New York Times Service

SIDON, Lebanon — A Muslim religious leader crouched in the entrance hall of a mosque, hands poised as if holding a rifle at the ready. Suddenly, he whirled and braced behind a pillar with his imaginary gun.

"They came in here like that," said Sheikh Hussein Mallah. "Why are the Israelis behaving like this? We had no weapons here. We were not hiding anyone. We were praying when they came running in with their boots on."

Eighteen months ago, Mr. Mallah, a 35-year-old Sunni Muslim leader, was among tens of thousands in southern Lebanon who welcomed the Israeli Army as a savior from the oppression and harassment of the guerrillas of the Palestine Liberation Organization.

Now the religious leader says he believes one evil has replaced another. A majority of the people in the region are said to agree.

Residents of this city of 200,000, the largest in southern Lebanon, repeatedly complain that, among other things, the Israelis have defiled mosques by ignoring the ancient practice of removing shoes before entering and also by bringing dogs, one of the Islamic symbols of impurity, into the grounds.

They also complain of violent searches of houses at midnight and of persons taken away for refusing to give information about sons who the Israelis said were suspected of terrorism.

The residents tell of shifting roadblocks that cripple the flow of traffic and strangle commerce, of frequent searches of cars, handbags and individuals. They say that commercial fishermen are prevented from fishing and that hundreds of acres of orange trees have been leveled to eliminate hiding places along the main coastal road.

They also say that the Israelis sometimes shoot over people's heads to control crowds and that on the morning of Jan. 7 Israeli tanks and armored personnel carriers clanked down the main street of Sidon raking parked cars with machine-gun fire. According to Mayor Ahmed Kalash, three cars were destroyed and 15 to 20 damaged.

Asked for comment, Sergeant Eytan Agmon, a spokesman for the Israeli Army, said at his headquarters in a Maronite church outside Sidon, "I'm sure nobody is happy with us being here."

"We're not happy ourselves," he said. "We're here for a certain reason, the security of our northern border. Everything we do here is only for the security of that border."

The sergeant said the incident at Mr. Mallah's

mosque grew from an Israeli attempt to investigate a suspicious car.

The driver refused to stop, he said. "He was shot and wounded. He escaped. They found blood in the car and ammunition and explosives." Israeli soldiers ran into the mosque searching for the driver.

In Israel itself there is a growing debate over whether the 15,000 Israeli soldiers should remain in southern Lebanon where an average of one Israeli soldier is killed or wounded every day.

The Israelis occupy a swath of Lebanon that is 30 miles (48 kilometers) deep, running from their border north to just above the shallow Awali River.

Western military analysts say that there is now little threat of an organized attack against Israel from the area and that protection of the border could probably be accomplished with a smaller zone.

Last May 17, Israel signed a troop withdrawal agreement with Lebanon that provided for a so-called security zone of about 15 miles in depth. But the accord has not been put into effect because of Syrian objections.

Meanwhile, friction between the Israeli troops and the roughly 700,000 people of southern Lebanon appears to keep intensifying.

Mr. Kalash said he felt the Israelis had gone far beyond the requirements of security. "There is Israeli pressure on everybody," he said.

In early November, in reaction to a car-bomb attack against one of their military headquarters, the Israelis barricaded the bridges on the Awali River, effectively isolating southern Lebanon from the rest of the country. For a long time, Lebanese had to get an Israeli pass to cross the river in their own country.

The Israelis continue to close the bridges each day at 5 P.M. and to search vehicles and individuals' bags as they cross during the day.

A month ago, it appeared that the resistance to the Israelis was being carried out mainly by the Shiite Muslims who account for nearly 75 percent of the people in southern Lebanon. Now, the police say it comes from various sectors.

"No single organization is doing it," an officer said. "It is coming from the people, Lebanese patriots."

The Israelis have been trying to recruit Lebanese to form paramilitary units to cooperate with the Israeli Army. They have not had much success. The few recruits are referred to by many Lebanese as "spies" and "traitors." Some have been killed.

In front of his mosque, Mr. Mallah said that, when the Israelis arrived in 1982, "they carried a gun in one hand and candy in the other."

"But after they were finished with the Palestinians," he said, "they started to do the same thing to the Lebanese. So we started making our resistance."

U.S. Selects 'Lobbyist' To Congress on Marines

By John M. Goshko
Washington Post Service

WASHINGTON — The Reagan administration has selected Edward J. Derwinski, counselor of the State Department and a former congressman, to play a key lobbying role to defuse congressional pressure to withdraw U.S. Marines from Lebanon.

Mr. Derwinski will go to the Middle East this week to join President Ronald Reagan's special Middle East envoy, Donald H. Rumsfeld, and Richard W. Murphy, assistant secretary of state for Middle East affairs, to familiarize himself with the U.S. effort to aid a settlement of the Lebanese civil war.

"After that, and depending on what Don Rumsfeld decides will be useful, I will try to help cover the home front for him since most of his time is spent traveling in the area," Mr. Derwinski said.

Mr. Derwinski, who became one of the senior members of the House Foreign Affairs Committee during his 22 years in Congress, stressed that he will not be taking charge of the administration's Lebanon lobbying effort but will work on that problem in addition to his other duties.

However, other administration officials, noting that the counselor is the only senior State Department official without a formally structured area of responsibility, said

Secretary of State George P. Shultz plans to lean heavily on Mr. Derwinski's contacts and knowledge of Congress in facing what looks as a major confrontation over Lebanon.

Congressional Democrats, led by the House speaker, Thomas P. O'Neill Jr., have been drawing up resolutions aimed at bringing the Marines home and seeking to get the United Nations to take over the U.S. peacekeeping role in Lebanon.

That course is unacceptable to the administration which fears that the congressional pressure is blocking a Lebanese solution by bolstering Syria's belief that it can wait for the United States to tire of the situation and pull out.

Mr. Derwinski represented an Illinois constituency on the fringes of Chicago until 1982 when redistricting forced him into a losing primary battle with another Republican incumbent. Although known as a conservative in foreign policy matters, Mr. Derwinski was highly respected by his House colleagues for his knowledge of world affairs, including the Middle East.

Since moving to the State Department, Mr. Derwinski has been involved primarily with helping to frame administration policy toward Poland. He has also acted as a liaison between the Polish-American community and Congress. More recently, he has been overseeing efforts to resolve tensions between Greeks and Turks over Cyprus.

A General Assassinated In Madrid

By John Darnton
New York Times Service

MADRID — Two gunmen thought to be Basque guerrillas shot and killed a high-ranking military officer on his way home from church here Sunday afternoon.

The killing was quickly and soundly condemned by leaders of the government, the governing Socialist Party and other political parties.

The killing was widely regarded as an attempt by ETA, whose initials in the Basque language stand for Basque Homeland and Liberty, to demonstrate that it is still active and able to mount attacks intended to destabilize the government despite a series of setbacks in recent weeks.

The group has carried out scores of similar murders in its campaign for independence for Spain's four northern provinces.

The victim, Lieutenant General Guillermo Quintana Laca, who was 67 years old and semi-retired, was killed on the sidewalk in front of his home.

His wife, Elena Ramos, was slightly wounded in the attack, receiving a bullet wound in the leg. A retired colonel, Francisco Gil Pachon, 64, was grazed by two shots.

General Quintana, a veteran of the Franco forces in the 1936-39 civil war and of the Blue Division that fought alongside Nazi forces against the Soviet Union in World War II, was a conservative military man but also a defender of the post-Franco constitution.

From 1979 until 1982, he was commander of the Madrid military region. He was instrumental in persuading officers in the command to obey King Juan Carlos I and refrain from joining a coup attempt in February 1981.

General Quintana was the sixth army general assassinated since 1978 and the first since the Socialists took office in December 1982. Although no group had taken responsibility for the assassination by early evening, police officials said the attack had the markings of an ETA operation.

Among the blows that have been struck at the Basque guerrilla organization was a recent decision by the French government to remove ETA activists from southern France. According to the Spanish government, ETA leaders and militants have used bases in southern France for years to plan and execute assassinations, kidnappings and extortion across the border.

At least seven activists have been relocated to northern France and another six have been expelled. After the French crackdown, Spanish authorities began an anti-guerrilla sweep of their own in the northern region.

It is widely believed that the pressures closing in on ETA from all sides have severely, though perhaps not indefinitely, hampered its field of operations. Many expected it to engage in some dramatic exploit to show that it was still strong.



Riot policemen in Paris grappling with a protester during the Armenian protest.

Paris Riot Police Battle Armenians and Arrest 200

The Associated Press

PARIS — Riot police sealed off Paris's student quarter for hours over the weekend as they fought pro-Armenian protesters, arresting more than 200.

Another big demonstration Saturday, to protest conditions in Morocco, broke up quietly after dozens of arrests, police said.

There were no official reports of injuries, but spokesmen for both groups claimed several demonstrators were injured in attacks by the security forces.

Police had refused to issue permits for either demonstration.

They said they arrested more than 200 people during several hours of skirmishes in the Latin Quarter after the protesters refused to break up a

demonstration over the murder trial of four self-proclaimed members of the Armenian Secret Army for the Liberation of Armenia.

The four have confessed to the September 1981 takeover of the Turkish Embassy in Paris, in which a Turkish security guard was shot to death. The case is expected to begin Tuesday.

Officials said that earlier Saturday, security forces arrested "several dozen" people during a demonstration intended to "show solidarity with the Moroccan people" following rioting last week in northern Morocco cities.

A spokesman for the Association of Moroccans in France charged that "the security forces committed brutalities that injured several people after the demonstration had already broken up calmly."

U.S. Negotiator Says Soviet May Try to Merge Arms Talks

New York Times Service

WASHINGTON — The chief U.S. negotiator at the talks aimed at reducing strategic nuclear weapons has said that it is "entirely possible" that the Soviet Union might try to merge those negotiations with discussions on medium-range missiles in Europe.

But the negotiator, Edward L. Rowley, a retired army lieutenant general, made it clear that he saw no virtue in suggestions that the United States should offer to merge the two negotiations into one conference. "It does not follow," he

said in remarks prepared for delivery at the Commonwealth Club in San Francisco, "that problems which could not be solved in separate negotiations can somehow be made more manageable in a combined negotiation. The unsolved problems will still remain and could indeed be complicated by such an arrangement."

Until Moscow suspended its participation after Washington began deployment of intermediate missiles in Western Europe, the United States and the Soviet Union had been conducting separate negotiations in Geneva on strategic weapons, which include weapons of intercontinental range or submarine-launched missiles that can reach the other's home territory, and on medium-range missiles in Europe and Asia.

Mr. Rowley also seemed less optimistic than President Ronald Reagan that the Russians would return to Geneva as deployment of the medium-range missiles in Europe continued.

"The importance which the Soviets attach to this issue means that the Soviets will not give up lightly," he said. "The Soviets operate under a long view of history. Temporary setbacks may elicit a change in tactics, but they seldom lead the Soviets to abandon their long-term objectives."

U.S. Conceals Some Nuclear Test Explosions

(Continued from Page 1)

trend toward smaller explosions in U.S. nuclear testing and that the new policy means a growing number of underground nuclear tests will probably be kept secret.

Since the signing of the treaty in 1963 by which the United States, the Soviet Union and other countries outlawed nuclear detonations in the atmosphere, space and oceans, the United States and the Soviet Union have conducted only underground tests of nuclear weapons.

Explosions are used to evaluate new warhead designs, safety mechanisms and the reliability of weapons already in an arsenal.

For more than a decade after the 1963 limited test ban treaty went into effect, the policy of classifying the existence of some underground tests was applied variably and was often based, according to scientists, on government estimates of whether geophysicists distant from the Nevada site could detect explosions with seismic instruments.

"The rationale was that you didn't want to let the opponent

know too much," said Dr. William E. Ogle, former test director at the Los Alamos National Laboratory in New Mexico. "But the logic wasn't very good. The Russians went out of their way to let us know that they knew about the tests."

Both superpowers can detect underground explosions through seismic stations.

The full-disclosure policy, begun in 1975, was followed until about a year ago. The government now keeps secret the existence of all nuclear tests less than five kilotons, that is those having an explosive force equal to that of 5,000 tons of TNT, according to a federal official. The atom bomb dropped on Hiroshima had an explosive force of 13 kilotons.

In any case, the Soviet military undoubtedly knows about each test in Nevada, even small ones, according to an official at the Lawrence Livermore National Laboratory in California, one of three U.S. government facilities that design nuclear weapons. He said each test at the Nevada site required the

movement of hundreds of technicians and many vans of instruments that monitor explosions, and the Russians can probably observe such activity by satellite.

According to William M. Arkin, co-author of the recently published "Nuclear Weapons Databook," a trend in nuclear testing is for the size of explosions to shrink. As new, more accurate missiles have been developed that can pinpoint targets, he said, military planners have been able to make sharp cuts in the size and explosive power of warheads on those missiles.

Since the Reagan administration took office, the federal budget for nuclear testing has almost doubled, going to \$388 million for the current fiscal year from \$201 million in the fiscal year 1981. But while appropriations have increased, the number of announced nuclear tests has dropped.

For 1980, 1981 and 1982, the government announced 14, 16, and 18 U.S. nuclear tests. Separate tests were also conducted by Britain at the Nevada site. The 1982 figure was the largest the United States had announced since 1970, and it generated some criticism in the press and among scientists at universities and federal laboratories.

Despite the budget increases, some of which were attributable to inflation and equipment purchases, the government in 1983 announced a drop in the number of tests to 14.

In the period when the United States was increasing its tests, so was the Soviet Union. According to the Stockholm International Peace Research Institute, which monitors worldwide nuclear explosions with the aid of seismic detectors, the Soviet Union conducted 21 tests each year in 1980 and 1981. In 1982, the most recent year for which data are available, the figure rose to 31, the greatest number since the signing of the limited test ban treaty. Except on rare occasions, the Soviet Union does not announce any nuclear tests.

Charges on Nazis Draw No Vatican Comment

The Associated Press

VATICAN CITY — The Vatican spokesman declined comment Sunday on allegations that the Holy See helped war criminals escape after World War II. He said that two leading church historians "already have given a sufficiently clear reply" to the charges.

One of the historians, the Rev. Robert Graham, was quoted in an interview Saturday as labeling the accusations "propagandistic maneuvers" by persons who "never lose the occasion to crucify" the Roman Catholic Church.



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Hussein Is Cool on U.S. Plans For Jordanian Strike Force

(Continued from Page 1)

celebrated the construction of settlements in occupied territories. Hussein said the United States could advance the cause of peace by having more "balanced relations" with all states in the region and by "pressuring" Israel to withdraw from Lebanon and to stop building settlements on the West Bank.

At the same time, he added, the Arabs had "to get our act together." He called upon Arab states to make decisions by majority rule and to abandon their practice of decision-making through consensus.

S. Africa Captures Soviet SAM Arms

The Associated Press

CAPE TOWN — South Africa has announced the capture of a new, Soviet-made SAM-9 surface-to-air missile system. It is the first complete SAM-9 apparatus to fall into Western hands.

Colonel Julius Kriel, director of intelligence for the air force, told reporters Friday that the missiles and their mobile, armored launcher were captured on Jan. 2 during South Africa's six-week incursion into southern Angola.

Colonel Kriel said the SAM-9 gives Angola an integrated air defense capacity in conjunction with the older but longer-range SAM-3 and the shoulder-fired SAM-7.

Replacements for seven vacant West Bank seats were elected by the parliament two weeks ago, under a constitutional provision allowing such elections. King Hussein recalled the National Assembly early this month. It passed an amendment to the Jordanian constitution allowing elections to be held in the East Bank alone.

Jordanian Elections

Parliamentary by-elections to fill eight empty seats representing the East Bank of Jordan will be held on March 12. The Associated Press reported from Amman on Sunday.

The announcement of the date followed the opening Saturday of centers for the registration of citizens in the constituencies of Amman, Tafleh, Irbid, Karak and Salt, where the by-elections are to be held.

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Thais to Study Report Of 23 Refugee Deaths

Reuters

BANGKOK — The Thai authorities plan to conduct an inquiry Monday into allegations that 23 Vietnamese refugees drowned Jan. 11 after they were refused entry in Thailand and their boat was towed out to sea by a Thai naval vessel, a senior official said.

Prasong Soonsri, secretary-general of the National Security Council, said that Poul Hartling, the UN High Commissioner for Refugees, had asked Thailand for clarification on the matter. The allegation was made by other refugees who landed in Malaysia.

WORLD BRIEFS

Soviet Says U.S. Violates Arms Pacts

MOSCOW (Reuters) — The Soviet Union has officially accused the United States of violating arms accords and "contradicting norms of international law," the official Soviet news agency Tass said Sunday.

Tass said that the Soviet Embassy in Washington handed a diplomatic message to the State Department a few days ago, listing what it said were violations of bilateral agreements. The note appeared to be a direct response to similar charges made by President Ronald Reagan a week ago that the Soviet Union had violated or probably violated seven arms control agreements between the two countries.

Moscow charged two direct infringements of disarmament treaties covering strategic missiles and nuclear weapons tests and said it was concerned that other U.S. arms developments would undermine existing agreements. It said that deployment of Pershing-2 and cruise missiles in Western Europe breached the SALT-2 long-range missiles accord because the weapons could reach Soviet territory.

Andropov to Run for Supreme Soviet

MOSCOW (UPI) — President Yuri V. Andropov officially became a candidate for the Supreme Soviet in elections to be held March 4, Tass reported.

Mr. Andropov, 69, has been absent from public view for five and a half months due to an undisclosed illness. His nomination on Saturday indicated that he has no intention of stepping down.

Elections to the 1,500-seat, two-chamber parliament are held every five years. In 1979, official figures showed the Communist Party state winning 99.99 percent of the vote. Candidates, who have to run with official approval, generally are unopposed.

Lebanese Peace Mediation Continues

BEIRUT (UPI) — The U.S. special Middle East envoy, Donald H. Rumsfeld, and Saudi mediators worked to end a three-week deadlock holding up a Lebanese government security plan Sunday while fighting left two Lebanese soldiers wounded, U.S. and Lebanese sources said.

The intensifying diplomatic moves followed a Druze rejection of the government's offer to reinstate 800 Druze soldiers and officers to the Lebanese Army. The offer was made Thursday because American and Saudi mediators said it could break the deadlock over implementation of the Saudi security plan, Lebanese officials said.

Two Lebanese soldiers were wounded on the airport road in Beirut when militiamen in a Shiite neighborhood opened fire on their patrol, the state radio reported. The army exchanged mortar and rocket fire with Druze rebels on a Chuf mountain ridge east of the capital, it said.

Kohl Promises Study of Arms Sales

JERUSALEM (Reuters) — Chancellor Helmut Kohl of West Germany ended a five-day visit to Israel on Sunday with a pledge that his country would consider Israel's fierce opposition when it decides whether to sell arms to Saudi Arabia.

Mr. Kohl said at a news conference that he had received "very nice" representations from every Israeli leader he met, but he said he did not come to Jerusalem to make a final decision. "I reaffirm that my government will, in making all its decisions in this field, fully consider the legitimate interests of friendly countries in this region and be aware of the common responsibility for peace," he said.

Mr. Kohl, who toured Arab states last year, was asked how he had responded to Israeli fears that arms sold to Saudi Arabia might be passed to other forces for use against Israel. He replied that this question had been "discussed in a most lively manner," but he declined to give details.

Bomb Attempt Reported in Jerusalem

TEL AVIV (UPI) — Police reportedly found explosives on Temple Mount after what sources described as an attempt by a fanatic Jewish group to blow up the two major Islamic mosques at the site in east Jerusalem.

Police said Saturday that no arrests were reported. They said Muslim guards alerted security authorities early Friday after noticing two intruders using ropes and ladders to pull boxes over the eastern wall of the compound, where two Jewish temples stood centuries ago. The intruders got away.

Police gave no further details, but other sources said the boxes held 268 pounds (121 kilograms) of explosives. One source said a "fanatic Jewish underground" planned to blow up the al-Aqsa and Dome of the Rock mosques, Islam's second and third holiest shrines. The source said the attempt was timed to coincide with the visit to Israel of Chancellor Helmut Kohl of West Germany, which ended Sunday.

Pakistan Accuses Afghanistan of Raid

ISLAMABAD, Pakistan (UPI) — Afghan fighters jets killed 40 people and injured at least 50 in strafing and bombing attacks just inside the Pakistani border, officials charged here Saturday.

According to the government account, the attacks took place Friday near Angur Adda, which is several hundred yards inside Pakistan, in a rocky, mountainous region inhabited by several thousand Afghan rebels and refugees. One bomb was dropped in an attack by a number of Soviet-made MiG fighters and about 100 rockets were fired, a government spokesman said.

The government summoned the Afghan chargé d'affaires and lodged "a strong protest." It also planned to inform the United Nations secretary-general, Javier Pérez de Cuellar, the spokesman said.

Israeli Withdraws From the Cabinet

JERUSALEM (AP) — Mordechai Ben Porat, a minister without portfolio, resigned Sunday from the Israeli cabinet over the policies of Prime Minister Yitzhak Shamir's government on the economy, Lebanon and its failure to form a broad-based government with the opposition Labor Party.

Mr. Ben Porat, an independent, retains his seat in the parliament, but his resignation from the 20-member cabinet and Mr. Shamir's coalition means that Mr. Shamir can no longer count on Mr. Ben Porat's vote to keep his government in office. Before Mr. Ben Porat's resignation, Likud held a 64-56 edge in the 120-seat parliament.

"I have freedom of action," Mr. Ben Porat said in a radio interview. He said he would vote "in accordance with my beliefs."

For the Record

Israeli border police shot to death a Palestinian youth in the occupied West Bank town of Nablis Saturday after warning shots failed to disperse youths stoning their patrol, an Israeli Army spokesman said in Tel Aviv. (Reuters)

Mamuel Fraga Iribarne, a former information minister under Franco, was re-elected without opposition Sunday in Barcelona as the leader of the Popular Alliance, after a three-day congress in which the party sought to shed its Francoist far-right image. (Reuters)

An alert was issued Sunday for two members of the French Foreign Legion after they allegedly stole the monthly payroll of about one million francs (about \$116,000) for the 800 officers and men of their regiment, based in Nîmes, southern France. The men were not identified. (AP)

Namibian Truce Is Expected

(Continued from Page 1)

there is still no sign of a way around the main obstacle to the plan, which is South Africa's insistence that Namibian independence be contingent on the withdrawal of 20,000 to 30,000 Cuban troops from neighboring Angola. That demand is backed by the United States.

Angola, for its part, says it has a sovereign right to keep the Cubans, whom it says it needs to protect its territory from repeated South African incursions and Jonas Savimbi's South African-backed rebel movement, the National Union for the Total Independence of Angola.

But one Western diplomat said a cease-fire would at least start the process. "In the improved climate that would create, perhaps it will be possible to find a way to fudge the Cuban issue," he said.

If the cease-fire can be made to stick, observers said, U.S. media-

AMERICAN

Room Only

Culture Execution

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San Quentin pris-

to a Washington Post

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AMERICAN TOPICS

Standing Room Only
For Future Execution

The response was quick when the California corrections department announced that the next execution at San Quentin prison, according to Colman McCarthy, a Washington Post columnist. Within two days, more than 100 requests for seats reached the warden's office. But a prison spokesman said only 50 persons would be allowed in, because of safety regulations. The requests followed a Jan. 23 Supreme Court decision rejecting an argument brought by Robert Allen Harris, an inmate on San Quentin's death row, on an unrelated issue. No date has been set for his execution.

Invasion of Grenada
Called 'Clear Success'

A Reagan administration official has reported that the Grenada invasion, goofs aside, was "a clear success in every major aspect."

Fred C. Ikle, undersecretary of defense for policy, made the comment before the House Armed Services Committee. He also gave an official accounting of casualties in the operation, which began Oct. 25. There



Fred C. Ikle

were 18 U.S. servicemen killed and 116 wounded, 24 Cubans killed and 59 wounded, and 45 Grenadians killed and 337 wounded, he said. Of the Grenadians killed, 24 were civilians, including 21 killed in the mistaken bombing of a mental hospital. Mr. Ikle said 784 Cubans were found on the island.

Not every member of the House committee was impressed by Mr. Ikle's assessment of the operation. "The mission was accomplished but it was a good deal less than the totally successful operation they claim," said Representative James A. Courter, a New Jersey Republican. "It took some luck, an overwhelming force ratio, and we lost more equipment than we should have."

EPA Gets the Goods
On Philly's Finest

U.S. law forbids tampering with the pollution-control devices installed on most cars. So the Environmental Protection Agency announced a stiff fine when its investigators got the evidence on a surprising offender: the Philadelphia Police Department. The EPA fined the Philadelphia force \$327,000 for

disconnecting catalytic converters on 131 police vehicles. The EPA levied a stiff fine against Greenville County, South Carolina, where county employees frequently pumped leaded gasoline into vehicles designed for unleaded fuel. For using the leaded fuel, which damages pollution-control equipment, and tampering with anti-pollution devices on 13 of 19 vehicles, the county was fined \$630,000.

Face-Lift to Begin
On Statue of Liberty

Visitors to New York City, be advised: There is only one week left to get an unimpeded view of the Statue of Liberty before 300 tons of scaffolding goes up around it for a 30-month renovation project expected to cost about \$30 million. The statue will be closed intermittently as crews replace 1,600 wrought iron bands that hold its copper skin in place, reinforce its up-lifted arm, replace the torch, and install a new elevator. Officials hope to finish the work in 1986, the 100th anniversary of the dedication of the gift from the people of France.

Aid to Poor Families:
Holes in the Umbrella

A Columbia University study confirms that poor families in Sweden, France, West Germany, Britain, Australia, Israel and Canada can count on proportionally more government help than can poor families in the United States.

All eight countries except the United States provide allowances to families with children, and all but the United States and Australia have statutory maternity benefits, according to the three-year study.

"Civilized societies everywhere except in the United States recognize that children are a valuable resource," said one of the study's authors, Alfred I. Kahn of Columbia's School of Social Work.

The study noted that in Sweden, support payments to a single, jobless mother of two are equal to 93 percent of the after-tax income of the average worker in the country. France comes next, and Australia and Israel trail with 50 percent.

Notes on People

Spurned twice before in bids to buy cooperative apartments in Manhattan, former President Richard M. Nixon has won tentative approval of an offer to purchase a 12-room co-op on Park Avenue for \$1.8 million. An occupant of the building, the philanthropist Jacob M. Kaplan, 92, won an initial court order after contending that Mr. Nixon's presence would turn the building into a "tourist attraction." But the building's directors last week approved the transaction, pending a vote by the building's shareholders.

The late Vice President Hubert H. Humphrey once wondered out loud whether his Minnesota political protégé, Walter F. Mondale, had "the fire in the belly" needed to run for president. But the Secret Service agents protecting Mr. Mondale in his campaign for the Democratic presidential nomination appear to have no doubts on the matter. Their nickname for him: "Dragon."

Mondale Rebutts Reagan
On Charge of Catering
To 'Special Interests'

By Bernard Weinraub
New York Times Service
SACRAMENTO, California — Walter F. Mondale, saying he was eager to debate President Ronald Reagan, has accused the president of "serving wealthy and powerful special interests" and opposing

Reagan Talk:
'No Surprises'
Are Foreseen

(Continued from Page 1)

the Soviet Union have increased the risk of war.

Unlike four years ago, when he triumphed over an unpopular incumbent who had survived a bitter intra-party battle, Mr. Reagan faces the prospect of a Democratic Party united on the single issue of defeating him. Mr. Reagan strategists say they are impressed with both the talents and the organizational skills of the Mondale forces.

In 1980, Mr. Reagan started far behind President Jimmy Carter. He now leads Mr. Mondale by nearly 20 points in surveys taken by a White House pollster, Richard B. Wirthlin, by 16 points in an NBC News-New York Times survey and by 3 points in an ABC News-Washington Post poll. Mr. Reagan's worst recent trial heats were in a Gallup Poll of Jan. 22 that found him tied with Mr. Mondale and Jim Glenn.

But the presidential campaign is 50 state-by-state contests in which Reagan strategists believe he has a stronger position than in the popular vote. A recent Republican estimate gave Mr. Reagan a "lock" on 157 electoral votes, with 270 needed for nomination.

In the 10 most populous states, Mr. Reagan strategists consider only Massachusetts unwinnable. They put California, Florida and probably Texas solidly in the Reagan column.

"The Republicans have a big advantage to having a president from California and a vice president from Texas," a Mondale operative said.

Republicans expect the election to be a referendum on Mr. Reagan. "The overarching issue is leadership," said Mr. Wirthlin, the pollster. "In 1980 the country rejected one kind of leadership, and Walter Mondale is still very much part of it. Ronald Reagan offered a new direction. The first key question is how well he accomplished the goals he set for himself and the second is whether the voters will give him a mandate for a second term to continue that leadership."

Democrats concede that Mr. Reagan has a winning personality, a rare skill to exploiting television, a strong electoral base, an experienced campaign team and a major advantage as an incumbent opposed for re-nomination.

But they say they believe those advantages will be offset, as the year goes on, by what they consider serious sub-surface weaknesses.

"He has alienated bigger chunks of the electorate than any previous president," said Mr. Mondale's pollster, Peter D. Hart.

The intensity of the opposition, particularly in minority communities, encourages Democrats to believe they can register and vote millions more people against Mr. Reagan than turned out in 1980.

"The idea that he is unbeatable has no foundation," a Mondale strategist said Friday.

While Republicans dwell on the vulnerabilities of the former vice president's Carter connection, Democrats see Mr. Mondale as having compensating strengths. Some polls find the public rating him as Mr. Reagan's equal on integrity and experience.

Democrats Weigh Trial
Of Line-Item Veto Power

By T.R. Reid
and Juan Williams
Washington Post Service

WASHINGTON — House Democrats are considering legislation to grant President Ronald Reagan one of the major requests in his State of the Union address, the line-item veto, on a one-year trial basis.

Representative Tony Coelho of California, the chairman of the House Democrats' political campaign committee, said that he and Representative David R. Obey, Democrat of Wisconsin, will urge colleagues this week to authorize line-item veto power for 1984 to force Mr. Reagan to bear the political costs of cutting the budget.

"Ronald Reagan loves to talk about cutting the budget, but when it comes to specifics, he always ducks," Mr. Coelho said. "This way, the president would have a chance to make it known where he wants to cut."

Mr. Reagan called for the line-item veto in his address to Congress Wednesday. Such a measure, which would have to take the form of a constitutional amendment, would permit a president to cut specific items from the comprehensive spending bills passed by Congress. At present, a president must approve or reject such bills as a whole.

Previous attempts to pass constitutional amendments in Congress have been defeated.

programs aimed at helping women, children, the elderly and the poor.

In a blunt, free-wheeling response to Mr. Reagan's criticism last week that Democratic candidates were trying to "buy support" with promises to special interests, Mr. Mondale said, "Nobody has served the wealthy and powerful special interests with more devotion for more years than Mr. Reagan."

"If I stand for feeding hungry children, which he opposes, is that some sort of seamy bribe to the American people?" asked the former vice president, who is seeking the Democratic presidential nomination. "If I want to control health care costs so that senior citizens have a chance for decent health care, is that considered an ignominious bribe? If I stand for enforcing environmental laws, is that a special interest?"

"He stood with every pollster in America," Mr. Mondale said of the president. "He'd rather take them to lunch than to court."

Mr. Mondale's response to Mr. Reagan, his harshest attack yet on the president, was made Friday and Saturday in a series of news conferences and speeches in Sacramento and Seattle.

Privately, Mr. Mondale and his staff were delighted that Mr. Reagan, in a speech in Atlanta on Thursday, had entered the political fray, and the candidate capitalized on the "special interest" charge, first leveled against him by a rival for the Democratic nomination, Senator John Glenn of Ohio. Although Mr. Reagan never named the former vice president, aides to the president said that he was referring to Mr. Mondale in his accusation that some candidates were trying to "buy support" and "making promises to special interest groups."

Several aides to Mr. Mondale said the key strategy of the campaign for the former vice president was to point up the sharp contrast between Mr. Mondale and Mr. Reagan.

Another aide said that, although Mr. Mondale was "uncomfortable" with the special interest charge when Senator Glenn used it and did not enjoy attacking his Democratic rival, he has long "relished the opportunity" to lash back at Mr. Reagan.

"He's wrong, wrong, wrong on every issue and I welcome a debate over what is a special interest and what is a public interest," Mr. Mondale said at a news conference in Seattle Friday. Hours later Mr. Mondale told an enthusiastic audience at a Democratic Party fundraising event, "I'm going to get the nomination and I'm going to beat that crowd by the biggest margin any incumbent ever got out of office by."

At a news conference to the California state capital Saturday, Mr. Mondale said that Mr. Reagan led "the most special-interest-oriented administration in American history."

He asserted, "I enjoy and welcome the special interest issue because I am going to win it. It exposes the administration for what it is."

Speaking to a breakfast meeting of the National Organization for Women in Seattle, Mr. Mondale remarked, "There is nothing that this administration could do that it hasn't already done to tell women to stay in their place."

Mr. Mondale arrived in Seattle Thursday night from Iowa to campaign for Democratic support in the state's March 13 caucuses. On that day, eight other states will pick their convention delegates. Washington is significant because it will be the first Western state to hold a presidential contest.

In Seattle, Mr. Mondale picked up the endorsements of several prominent local peace activists as well as the entire five-member state congressional delegation.



CLOSING IN HARD — A Goodyear blimp appears to crash into the ground in San Diego, but it was only nosediving behind cliffs to get a closer look of "Black's Beach," a nude beach. The blimp was in the area to take aerial film of a nearby golfing event.

As Elections Near, Salvadoran Army
And Rebels Prepare for New Clashes

By Juan M. Vasquez
Los Angeles Times Service

SAN SALVADOR — Despite the approach of elections aimed at advancing the democratic process in El Salvador, the army and the guerrillas are both preparing for a wider war.

Of the six presidential candidates, only José Napoleón Duarte of the Christian Democrats speaks openly of seeking talks with the left. Military commanders speak of a need for more troops and more equipment to counter rebel successes and to get ready for expected new attacks.

The scope of the conflict is still limited to guerrilla raids and small infantry battles, but the use of larger units is becoming more frequent, as is the fighting itself.

"We believe the war is entering a new phase, a phase of definitive battles," Salvadoran Samayoa, a rebel spokesman, said recently. A former university instructor, he speaks for the Popular Liberation Forces, one of five Salvadoran guerrilla groups.

Mr. Samayoa and leaders of other insurgent groups united in the Farabundo Martí National Liberation Front deny that a new offensive is planned in connection with the March 25 elections.

On the other hand, the guerrillas and their political allies say they will either take part in the elections or permit any voting to the areas they control. These areas include substantial parts of five of El Salvador's 14 provinces — Morazan, San Miguel, Usulután, La Unión and Chalatenango.

Meanwhile, foreign military observers who are sympathetic to the Salvadoran Army respond bitterly when asked whether they expect a new general offensive by the rebels: "If it gets any more general than this," one said, "it's going to get pretty tough indeed."

For the time being, the biggest target of all, San Salvador, appears to be beyond the rebels' reach. Their ability to conduct military activity or sabotage in the capital has been weakened by the brutal but effective campaign — conducted by rightist death squads with reported military connections — to eliminate anyone suspected of leftist activity.

But the guerrillas' thrusts have become more frequent throughout the eastern provinces and in northern Chalatenango province since September, when they attacked a big army garrison in San Miguel province with mortars.

That was the guerrillas' response to a government effort to quash rebel activity in nearby San Vicente province through a combined military and pacification program.

The Salvadoran Army lost the initiative, particularly in November, a military observer said, "but they are not in bad shape. They are not in any shape or form going to collapse."

Still, soldiers loyal to the government will not easily recover the initiative. Among the steps being taken to resist further guerrilla advances is an increase in the size of the army, 6,000 more men by the end of 1984.

The increase was one of the first things that Colonel Joseph Strimling, commander of the U.S. Military Group in El Salvador, insisted upon shortly after his arrival last summer. Colonel Strimling also pressed the army to establish a basic training center, which was opened in January in La Unión.

Guerrilla strength also appears to be growing. Army commanders say they have heard frequent reports of large-scale rebel recruiting in rural areas.

In the four provinces east of the Lempa River, where the guerrillas have been strongest, the ratio of soldiers to rebels is scarcely more

than 1-to-1, forcing the army into an essentially defensive position.

The army can call in reinforcements from elsewhere in the country, but their mobility is hampered by a shortage of vehicles. U.S. officials hope they can soon increase the helicopter fleet, which now numbers 21, and also add to the number of trucks.

"If we had more money, we could do more," a U.S. official said. In December, Lieutenant Colonel Domingo Monterrosa, who is considered one of the government's best officers, was moved into the key garrison of San Miguel. He was given responsibility for three provinces — San Miguel, Morazan and La Unión.

Colonel Monterrosa said it had long been a goal of the guerrillas to isolate the eastern provinces in an attempt to win control of the "competency and integrity" of the management of General Public Utilities Corp. without awaiting the trial of its subsidiary, which operated the plant at the time of the accident. Mr. Palladino voted with the majority.

The two dissenting commissioners, Victor Glikinsky and James K. Asselstine, decided the decision in strong language, saying it was tantamount to authorizing a restarting of the reactor. They charged that the agency was allying itself with what they termed incompetent top management and the utility.

In a hearing room crowded with people who live close to the reactor at Middletown, Pennsylvania, near Harrisburg, Mr. Palladino said that Friday's vote "is not a restart decision and does not authorize restart."

The president of General Public Utilities, Herman Dieckamp, who was in the audience to the hearing room Friday, welcomed the decision. He said that the reactor was ready for operation and that he would have preferred April as the possible restarting date.

The governor of Pennsylvania, Dick Thornburgh, a Republican, said Friday that he was opposed to restarting the Unit 1 reactor until the commission resolved how to clean up the radioactive material still remaining at Unit 2.

The Unit 1 reactor at Three Mile Island, which was closed for refueling before the March 1979 accident at Unit 2, has not been permitted to operate since.

Last November, the Metropolitan Edison Co., the subsidiary of GPU that operated Three Mile Island at the time of the accident, was indicted on criminal charges of falsifying results of safety tests conducted at Unit 2 before the accident.

That has made the Christian Democratic government extremely unpopular.

Because none of the nine presidential candidates was expected to win the majority required for election in the first round, there is likely to be a runoff to May.

That means that the political pot will be kept boiling for nearly four more months under a lame-duck president, Osvaldo Hurtado Larrea, as politicians representing a wide spectrum of parties and regional interests scramble to line up behind each of the top vote-getters.

Most analysts to Quito fear that the scramble will lead to strong polarization in Ecuador, a country where Indian peasants and urban shanty dwellers are being brought into an active political role by huge registration drives.

Two candidates with sharply contrasting programs and backing are considered to be the most likely contestants to a runoff.

One is León Febres Cordero, a militant anti-Communist who has strong backing from the free-wheeling businessmen of Guayaquil, Ecuador's largest city and major port. The other is Rodrigo Borja, a Quito lawyer who is a democratic socialist.

Ecuador is a petroleum-exporting country, and it has seen state revenues increase tenfold in the past decade. Hence, the political debate centers on economic issues: Mr. Febres Cordero favors private enterprise and free-market policies; Mr. Borja favors state planning with more social investments.

In a runoff, Marxists and other leftists can be expected to back Mr. Borja against Mr. Febres Cordero. The position of the Christian Democrats, now the backbone of the government under Mr. Hurtado, is uncertain.

The president is constitutionally prohibited from running for reelection, and Julio César Trujillo, the Christian Democratic leader and the party's candidate, is not expected to make the runoff.

Despite its recent oil revenues, the civilian government elected in 1979 under the leadership of Jaime Roldós Aguilera, a young populist, has suffered severe setbacks.

First, Mr. Roldós was killed in an airplane crash. Then Ecuador found itself deeply in debt as the result of excessive borrowing.

Panel to Rule
On Restart of
U.S. A-PlantThree Mile Island Unit
Could Reopen in June

By Jane Perlez
New York Times Service

WASHINGTON — The Nuclear Regulatory Commission has announced that it will decide whether to allow the undamaged nuclear reactor at Three Mile Island to reopen without waiting for the outcome of a pending criminal trial involving the owners of the plant.

The vote on Friday, affirming a decision taken earlier in the week in private, was 3-2. The Unit 1 reactor, the twin of Unit 2, which was severely damaged in an accident in 1979, could reopen as early as June.

The chairman of the commission, Nunnzio J. Palladino, said he believed the agency could judge the "competency and integrity" of the management of General Public Utilities Corp. without awaiting the trial of its subsidiary, which operated the plant at the time of the accident. Mr. Palladino voted with the majority.

The two dissenting commissioners, Victor Glikinsky and James K. Asselstine, decided the decision in strong language, saying it was tantamount to authorizing a restarting of the reactor. They charged that the agency was allying itself with what they termed incompetent top management and the utility.

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That has made the Christian Democratic government extremely unpopular.

Rights Group Criticizes
Guatemala on Abuses

New York Times Service

NEW YORK — Human rights abuses to Guatemala have become "particularly intractable," according to a report by Americas Watch, a New York-based rights organization.

The group concluded in a 260-page report issued last week that killings and disappearances of civilians in Guatemalan cities had increased in the five months since General Oscar Mejía Victores took power in a coup in which General Efraín Ríos Montt was deposed.

The report, the result of a seven-month investigation, added that the Reagan administration "shares in the responsibility for the gross abuses of human rights" by failing to publicly denounce them.

Elliott Abrams, assistant secretary of state for human rights, said that the group's conclusions were "in error" and asserted that Americas Watch showed "partisan political motives" in its criticism.

"Our own information, which we get daily from our embassy," Mr. Abrams added, "is that the situation has improved in Guatemala in 1983." He said that would be the conclusion of the State Department's annual human rights report, to be sent Tuesday to Congress.

Officials of Americas Watch called on governments and international relief organizations last week to end all economic assistance to Guatemala, including aid for basic human needs, unless those providing aid are also permitted to distribute it.

United States military aid to Guatemala was ended in 1977 after human rights abuses were criticized by the Carter administration. Congress voted to cut off economic aid last year.

The report also said that Guatemala was being transformed into "a nation of prisoners." It said that tens of thousands of Guatemalans had been forced to live in "re-education camps" and that 700,000 civilians had been forced to join civil patrols and perform services for the army.

Further, it said that there were daily news reports of people disappearing, and of some being tortured in prisons.

The report acknowledged that killings in rural areas had decreased and that the Mejía Victores government had disbanded the special jurisdiction courts, which Americas Watch said were responsible for violations of due process, arbitrary sentences and torture.

But it also documented thousands of urban killings in the last five months and noted a re-emergence of death squads.

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Herald Tribune

Published With The New York Times and The Washington Post

A Moment to Seize

The Reagan administration has a strange style in handling olive branches. The president recently invited Moscow to join in new efforts to control nuclear arms. But he then let the U.S. Air Force advertise its contrary interest by testing an anti-satellite missile, and he let officials sour the air by loudly accusing the Russians of violating arms agreements.

The air force test threatens to initiate a new round of weapons development that, to America's great detriment, would render all satellites vulnerable. Satellites are vital for communicating with nuclear forces, verifying Soviet treaty compliance and supplying early warning of attack. An erratic and cumbersome anti-satellite missile developed by the Soviet Union poses a threat to them.

Last August, doubtless to head off the far superior air force missile then in development, the Russians proposed an anti-satellite treaty. Although imperfect, it offers a serious basis for negotiation. But the Reagan administration refuses even to talk, while the air force presses ahead. Once its missile proceeds beyond a certain stage, Soviet leaders might feel forced to develop theirs further. American satellites are expensive and long-lasting, whereas the Soviet Union depends on a multitude of cheap throwaways. Which stands more to gain from making satellites inviolable?

An anti-satellite treaty would serve the interests of stability, and American interests in particular. President Reagan not only spurned it with the air force's test on Jan. 21, but two days later he accused the Soviet Union of violating existing treaties on arms control. The channel for addressing such charges, known as the Standing Consultative Commission, has

resolved every disagreement brought before it during the Nixon, Ford and Carter administrations. In doing so it closed loopholes in the complex antiballistic missile treaty. This administration prefers to begin by crying foul.

But amid its ragbag of charges there is one serious issue: the Soviet Union's construction of a large phased array radar at Abalakova in Siberia. The Russians contend that it is for tracking objects in space, but it could also defend against ballistic missiles, a purpose forbidden by the ABM treaty. The treaty's ambiguity on dual-use, phased array radars merits discussion. Mr. Reagan flung the charge at the Russians for the first time last September and now makes a public rumormongering about his disbelief in their response. That offends the private diplomacy through which all such disputes have been settled in the past.

Last week Yuri Andropov reiterated the Soviet offer to start talks on warding off an arms race in space. Why not explore what he has in mind? At the same time, Mr. Reagan could let it be known that he expects a responsive discussion — privately, if the Russians desire — of the Abalakova radar and phased array radars in general.

"Strength is essential to negotiate successfully," Mr. Reagan said last week. But it is one thing to modernize weapons to overcome discernible deficiencies. It is quite another to expand the arms race or to unilaterally pursue new weapons in ways that undermine past agreements. Besides, the Russians, too, will not negotiate from weakness. If, this moment, when both sides feel almost equally strong, is lost, there may not be another for a long time.

—THE NEW YORK TIMES.

Great Success Abroad?

Mr. Reagan perceives that his foreign policy has been a great success. He discerns a new respect for America, new prospects for peace and freedom and, not least, new vistas for bipartisanship in foreign policy. The rest of us can hope both that he is right and that he is not taking his review of his own performance as the last word. Politicians tend to reach for achievements in the sphere of perceptions when they have few achievements to reach for in the sphere of actual deeds. In the latter category, Mr. Reagan puts Grenada. During his State of the Union message, he presented to Congress a live authentic hero of the American intervention to dramatize his point.

Meanwhile, there is Lebanon. Again, Mr. Reagan perceives "progress." But a sizable and growing number of legislators, seeing trouble and an aimless policy, say they want to revoke or at least amend the 18-month permit for the marines that they voted last September. Lebanon, the single place where American servicemen are daily in danger, is getting drawn deeply into the political wars. The tide has now caught up House Speaker O'Neill, a Democrat formerly supportive of the president. Senator Gary Hart, a Democratic presidential candidate, suggested after the Reagan address that

parents of teenagers "may worry that your 17-year-old son might go to Lebanon instead of college next year." Is Senator Hart under the impression that there is a draft?

The fact is that the onset of Mr. Reagan's fourth year finds him in a curious place in foreign policy. If he can fairly claim to have restored respect for U.S. power, he has been much less successful, to put it charitably, in building respect for his skill and judgment in using U.S. power. Translating the new strength and resolve into policy turns out to be not so easy. In the key places — Lebanon, Central America, Moscow — the results that would vindicate the Reagan approach are not there.

In Lebanon, where the pace of events seems to be forcing some kind of break soon, the administration has no responsible choice but to play its not-so-strong diplomatic hand a while longer to help secure what benefits Lebanon may still be available. Policy aside, it is not clear that the Democrats will reap political advantage by undercutting Mr. Reagan. But it is not merely the situation on the ground in Beirut, cruel as it is, that troubles many citizens. Mr. Reagan has yet to win much confidence in his ability to play his hand.

—THE WASHINGTON POST.

Thank You, Al Haig

Fair is fair, and credit should go where credit is due. Today we wish to hail former Secretary of State Alexander Haig for a signal and invaluable contribution to the English language. You heard us right.

For Mr. Haig, whose frequent glibly contributed to government prose have never gone unnoticed, especially by us, emerges as the author of a marvelous term, or at least as its adapter to modern bureaucratic usage.

As with most stunning discoveries, this one came to us the other day, embedded in a throwaway clause during a discussion about something else. An administration official was recounting to us the history of some episode or other. "Then there was a short delay," he explained. "I think it was because Al Haig came in and said the recommendation hadn't been snakechecked yet. So we . . ."

Wait a minute. "Snakechecked"? Yes, came

the reply, that was one of Al's favorite words. You snakechecked things — positions, policies, statements — before putting them out.

William Safire, the distinguished columnist and word maven from The New York Times, naturally got there before we did. Calling him, we learned that he had looked in on this back in May of 1982 and had established that the term is a transposition from General Haig's army bivouacking days when there was no accounting for the kinds of things that were likely to seek asylum in your knapsack during a night on the sod. Ergo, morning snakecheck.

We are stunned that the term's Washington utility was not spotted immediately by Safire readers. Can there be a single media warren or bureaucracy cove in town where it could not live a useful, even indispensable life? Be warned: We plan to make it our own.

—THE WASHINGTON POST.

Other Opinion

Making the Best of Reagan

America is not getting tired of Ronald Reagan; indeed, not since the days of Dwight Eisenhower has a president seemed so secure in the hearts of the people. That being the case, it should be the merest common sense for America's allies to try to understand the Reagan view of the world, instead of dismissing it patronizingly as the simplistic notion of a former Hollywood movie star. Rhetoric apart, the Reagan record has been less crisis-ridden than those of his recent predecessors. The cowboy image persists less because of any-

thing he does than because his style and language lack a certain polish and sophistication.

Whereas many commentators lean over backward, or at any rate leftward, to put the best gloss on Mr. Andropov, they habitually portray the American leader in the worst light possible. The assumption has been, of course, that the septuagenarian president would not be around for long. But if he gets re-elected in November, his chances of outlasting in power most of the other world leaders are pretty good. It is time to start trying to make the best, rather than the worst, of Ronald Reagan.

—The Sunday Telegraph (London).

FROM OUR JAN. 30 PAGES, 75 AND 50 YEARS AGO

1909: Minister Wins Lisbon Duel

LISBON — Senor Wenceslao de Lima, Minister of Foreign Affairs, fought a duel [on Jan. 29] with Senor Jose Azevedo, one-time Portuguese Minister to China and now editor of the "Diario Popular." Cause of the duel, fought in the Lisbon Velodrome, was an insulting article published by the journal. Senor de Lima wounded his adversary severely by running him through the right arm. The seconds of Senor de Lima were Senor Eduardo Villares and Conde Paeveira, while those of Senor Azevedo were Senor Pimentel Pinto and Senor Anselmo Andrade. The Minister of Foreign Affairs has been the object of numerous congratulations on the result of the duel.

1934: Roosevelt to Sign Gold Act

WASHINGTON — President Roosevelt's signature on the Gold Act is expected to bring a series of proclamations, the most important of which will be that proclaiming the revaluation of the dollar, which, it is generally agreed, will be at the 60-cent maximum authorized by the new law. Economists have been divided as to whether the revaluation proclamation will immediately change the position of the dollar abroad. Some were inclined to believe that the tide of returning dollars may more than offset immediate devaluation effects, but the treasury, with such enormous funds at its disposal, will eventually be able virtually to hold the dollar at whatever rate is desired.

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Reagan's Softer Approach Should Be Taken Seriously

By Philip Geyelin

WASHINGTON — You can be held up to public ridicule for taking on faith anything said by a political candidate. A case at hand is Ronald Reagan's new opening to the Soviets. No sooner done, by his Jan. 16 speech, and now reinforced by the State of the Union address, than it is written off in sophisticated quarters as a mere campaign antidote to public fears that Ronald Reagan cannot be relied on to keep America out of war.

Well, as James Thurber said, you might just as well fall flat on your face as lean too far over backward. So, accepting the risk of the former, I would assert that the current Reagan outreach to the "evil empire," while convenient for his re-election effort, was designed to serve purposes of far greater importance.

It was, to begin with, a State Department special, cooked up by professional diplomats and experts on Soviet affairs, and originally timed for delivery to coincide with the Soviet Central Committee meeting late last month. It constituted a genuine effort to deal with what the professionals perceived as a dangerous deterioration in U.S.-Soviet relations.

The new tack was to be an insurance policy against critical miscalculation. Nobody had confidence that breakthroughs of substance would result. But it ought not to be discounted as campaign oratory on that account.

According to an official intimately involved, this was the rationale. A combination of white-hot Reagan rhetoric, the shooting down of KAL 007, a sense of disorganization

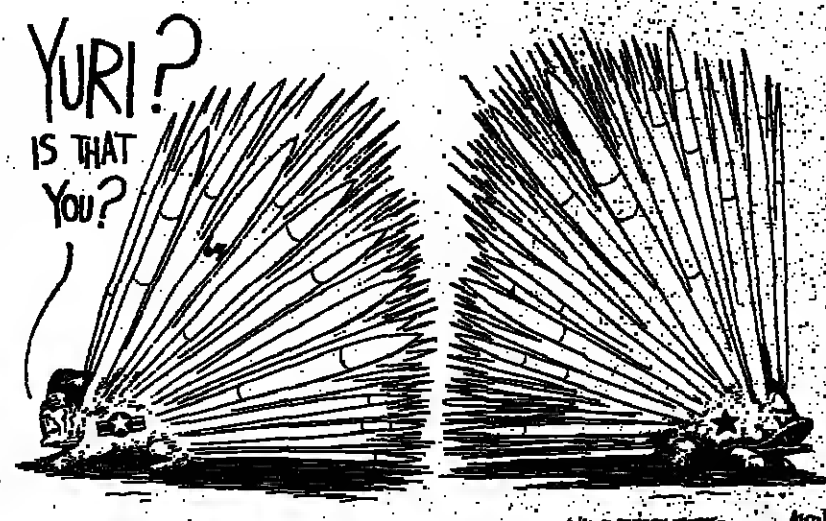
in Moscow and the successful deployment of intermediate-range nuclear missiles in Europe had brought the Washington-Moscow relationship to a perilous pass. It was urgent to reinstitute "dialogue," if only because the absence of it carried unacceptable risks.

Not the least of the purposes was to find out if the suspected disarray in the Moscow leadership — given the disappearance from public view of the ailing Yuri Andropov — left the Kremlin still capable of organizing a response. In that sense, Mr. Andropov's faintly reasonable written rejoinder last Tuesday can be read as a positive, if wholly inconclusive, early return on Mr. Reagan's initiative.

That rejoinder falls well short of the evidence the State Department's top people are looking for that the Soviet high command is in a position — never mind a disposition — to pick up on even the most modest measures to restore a safer state of relations. "We're still not sure what's at the other end of that telephone," says one authority. "There may be nobody who can deal."

This uncertainty was an element in the decision to probe. If the struggle for succession to Mr. Andropov is as intense as some experts think it is — and may have been for the past six months or longer — then some merit is seen in offering to "whatever more rational group there may be in the Kremlin something to grab hold of," an expert says.

It is also important to know what Mr. Reagan's new emphasis on accommodation



does not mean: He remains, in his fundamental beliefs about the Soviet Union, no less hostile, no less persuaded of the need to do business only from a position of strength. So you cannot preclude a return to high-pitched rhetoric if the Soviets are foolish enough to take upon themselves the onus of being blatantly "anti-peace." The somewhat muted Andropov answer suggests that they are not.

What the new approach to Moscow means is that Ronald Reagan has revised his calculation of relative U.S.-Soviet strength. The president now believes that his increases in the military budget — even though those increases are largely unthought into substantially increased weapons deployment — and the American economic resurgence have buttressed the country's bargaining position enough to make some conciliation safe.

"The United States is safer, stronger and more secure in 1984 than before," the presi-

dent said in his State of the Union report. "We can now move with confidence to seize the opportunities for peace."

That, too, is a wonderfully convenient conclusion to have reached at the beginning of a presidential campaign. But it also happens to be a conclusion shared by State Department policymakers, including professionals not known for their glibness.

And that is precisely the point. The importance of the new look in the Reagan approach to the Soviets is all too easily missed if no attention is paid to its origins. Unless you believe that a president can whistle up policies from the bareness of his mind, then you have to be open to the belief that what we are witnessing is a welcome confluence of national security and domestic political imperatives.

—The Washington Post.

Watching as Reagan Prepared a One-Man Spectacular

'It Would Be Stunning Indeed If He Should Decline to Run'

By Tom Wicker

WASHINGTON — After President Reagan's shrewd and sentimental speech to Congress, it would be stunning indeed if he should decline to run for a second term. Any State of the Union Message is to a degree political; this year was a masterpiece of telling the public what he wants it to hear.

Once again Mr. Reagan showed that he is a great speaker; more important, he demonstrated his mastery of all the chords that tend to make American hearts thump and thrill. And the themes he sounded will be haunting the Democrats from now until November — not least the slogan "America is back."

From what? From "a long decline that had drained this nation's spirit," to a "new beginning." So skillfully did Mr. Reagan develop this motif that he did not even need to tell anyone what came under the Democrats and what had been brought by his own administration.

This president never forgets the football-fan desire of so many Americans to be "number one" — or at least to be told they are number one. But this time he surpassed himself in the fulsome use of his tributes to American greatness. No one should believe that this aspect of his speech was mere political flattery; rather it is so effective, probably because Mr. Reagan really believes it, as do most of the millions who hear him.

He also managed, perhaps less sincerely, the remarkable feat of launching a new campaign against government ("still spending too large a percentage of the total economy"), although now he is the government — at least its executive head.

Still, if taxes are not to be raised

and military spending is not to be reduced, what is to be done about deficits that won't go away and sooner or later are bound to be noticed? Mr. Reagan created the impression that other spending could be cut; but every discretionary budget item, the FBI as well as welfare, could be eliminated and the deficits would not be much reduced — a fact that Mr. Reagan did not tell the viewers.

In 1984, he did assure them, America is "safer, stronger and more secure" than when he took office. This claim apparently derives from the enormous military budgets he has authorized, since he has otherwise brought relations with the Soviet Union to the most hostile point since 1962. His deployment of medium-range missiles in Europe has had the twin effects of making the Russians feel more threatened and causing them to deploy their own medium-range missiles off the U.S. coasts.

A New York Times-CBS News Poll found 49 percent of respondents favoring withdrawal of the marines from Lebanon; 58 percent so responded to a Washington Post-ABC poll. To these doubters Mr. Reagan declared, without a shred of evidence, that "we are making progress" toward the distant — some think impossible — goal of "a free, independent and sovereign Lebanon."

But he quickly and shrewdly moved on to a more promising appeal to American pride. "We must not be driven from our objectives in Lebanon by state-sponsored terrorism," he said. "We must not be driven from our objectives in Lebanon by state-sponsored terrorism."

Give President Reagan credit — he knows how to make lemonade out of his own lemons.

—The New York Times.

How to Treat War-Preparers

By Kurt Vonnegut

NEW YORK — If I were an alcoholic, I would go before the nearest A.A. meeting and say, "My name is Kurt Vonnegut. I am an alcoholic." God willing, that might be my first step down the long, hard road back to sobriety.

The A.A. scheme, which requires a confession like that, is the first to any measure of success in dealing with the tendency of some human beings, perhaps 10 percent of any population sample anyone might care to choose, to become addicted to substances that give them brief spasms of pleasure but in the long term transmute their lives and the lives of those around them into ultimate ghastliness.

Whether I was standing before a meeting of Gamblers Anonymous or Alcoholics Anonymous, I would be encouraged to testify as to how the chemicals I had generated within myself or swallowed had alienated my friends and relatives, cost me jobs and houses and deprived me of my last shred of self-respect.

Not every member of A.A. or G.A. has sunk quite that low, but plenty have. Many, if not most, have done what they call "hitting bottom" before admitting what it is that has been ruining their lives. I wish to call attention to another form of addiction, which has not been previously identified. It is more like gambling than drinking, since the people afflicted are ravenous for situations that will cause their bodies to release exciting chemicals into their bloodstreams. I am persuaded that there are among us people who are tragically hooked on preparations for war.

Tell people with that disease that war is coming and we have to get ready for it, and for a few minutes there they will be as happy as a drunk with his martini breakfast or

a compulsive gambler with his paycheck bet on the Super Bowl. Let us recognize how sick such people are. From now on, when a national leader, or even just a neighbor, starts talking about some weapons system which is going to cost a mere \$29 billion, we should speak up. We should say something like, "Honest to God, I couldn't be sicker for you."

I am not joking. Compulsive preparers for World War III, in America or any other country, are as tragically and, yes, as repulsively addicted as any stockbroker passed out with his head in a toilet in the Port Authority bus terminal.

For an alcoholic to experience a little joy, he needs maybe three ounces of grain alcohol. If we know a compulsive gambler who is dead broke, we can probably make him happy with a dollar to bet on who can spit farther than someone else. To give a compulsive war-preparer a fleeting moment of happiness, we may have to buy him three Trident submarines and a hundred intercontinental ballistic missiles mounted on choo-choo trains.

If Western Civilization, which blankets the world now, as far as I can tell, were a person —

If Western Civilization, which surely now includes the Soviet Union and China and India and Pakistan and on and on, were a person, we would be directing it to the nearest meeting of War-Preparers Anonymous. We would be telling it to stand up before the meeting and say, "I am a compulsive war-preparer. I have lost everything I ever cared about. I should have come here long ago. I first hit bottom in World War I."

Western Civilization cannot be represented by a single person, but a single explanation for the catastrophic course it has followed dur-

ing this bloody century is possible. We the people, because of our ignorance of the disease, have again and again entrusted power to people we did not know were sick.

And let us not mock them now, any more than we would mock someone with syphilis or smallpox or yaws or any of the other diseases to which the flesh is heir. All we have to do is separate them from the levers of power. I think.

And then what? Western Civilization's long, hard trip back to sobriety must begin. A word about appeasement, something World War II supposedly taught us not to practice: I say the world has been ruined by appeasement. Of whom? The Communists? The neo-Nazis? No, the compulsive war-preparers. I can scarcely name a nation that has not lost most of its freedom and wealth in attempts to appease its own addicts to preparations for war.

And there is no appeasing an addict for very long. "I swear, man, just lay enough bread on me for 20 multiple re-entry vehicles and a fleet of B-1 bombers, and I'll never bother you again . . ."

Most addicts start innocently enough in childhood. Not every child so tempted grows up to be a drunk or a gambler or a babbler about missiles of the Evil Empire with laser beams. I doubt that more than one child in a hundred, having seen fireworks, for example, will become an adult who wants us to stop squandering our substance on education and health and social justice and the arts and food and shelter and clothing for the needy, and so on — who wants us to blow it all on ammunition instead, to satisfy his addiction to the thrills of de-moth-balling battleships and inventing weapons systems against which there cannot possibly be a defense, supposedly, and urging the citizenry to hate this part of humanity or that one, and knocking over little governments that might aid and abet an enemy some day, and so on.

Should addicts of any sort hold high office in any country?

These excerpts from a 1982 speech by Mr. Vonnegut, the novelist, have been adapted from The Nation.

Reagan Is the Best Show on Television

IF THE Democrats had doubts about the combined powers of the president's senses by his State of the Union performance on Wednesday, Give him a good script, a few invisible television screens and half an hour on prime time, and he'll convince the people they have nothing to fear but the facts.

Walter Mondale and John Glenn can complain, but the president of the United States can always act. If he thinks going to China is good politics, while Mr. Mondale and Mr. Glenn are musing through the snow in Iowa or New Hampshire, he will go to China, and come back through Israel, Italy and Ireland if he likes. If the crisis with Moscow seems to be getting out of hand, he can always set up a commission of U.S.-Soviet philosophers to define agendas for some vague future dialogue with Yuri Andropov. And if the pressure to get the marines out of Lebanon gets too strong, he can always move them around — or even bring them home during the Democratic nominating convention in San Francisco. In short, Ronald Reagan is in the driver's seat. He may not have a road map, but he knows his destination, "upstairs above the store" at 1600 Pennsylvania Avenue.

The people seem to love it. It's the best show on television. Never mind the deficit, or who will appoint a majority of the members of the Supreme Court of the United States in the next five years. For now, the president is telling the people what they want to hear, and he assumes, probably rightly, that maybe they'll put off thinking about the consequences till later.

—James Reston in The New York Times.

The Temptation of a Well-Earned Rest

PRESIDENT Reagan will be 73 in two weeks. The question has been whether he is willing to gamble a comfortable California retirement for four long years in Washington. I would not be so sure.

A second term is not a reward for past services. The world continues to revolve; problems can multiply rather than evaporate. Some time after Dwight Eisenhower's triumphant re-election in 1956 he wrote to a friend, "Since July . . . I cannot remember a day that has not brought its major or minor crisis." A weary tone pervades his account of the years of Little Rock, Sputnik, Lebanon, the death of John Foster Dulles and the U-2 fiasco.

Mr. Reagan can look back on his administration with no small measure of satisfaction. The future, however, is uncertain. The Republicans may be the governing party, but next time it will be the Democrats who stand to benefit from the natural cycle of political change. If Mr. Reagan should run again and win, he will be hostage to the limits of his tenure. The congressional long knives will be sharpened. The crown prince of his own party will be preening and backbiting while Mr. Reagan struggles to maintain the succession.

It is regarded as a virtue in politics to know when to go. Staying on can be as onerous for the incumbent as it might be for the country, particularly when the alternative is a well-earned rest, full of age and honors. Why go out with a whimper when you can go out with a bang?

—P.H. Teresian, an assistant editor of the Los Angeles Times op-ed page.

When an Old Man Talks Like This . . .

RONALD Reagan will not succeed himself as president of the United States soon. January, says a buddy of mine named Wilford who has a knack of divining, sometimes without much of the grace, what will be and what will not be. To start with, Wilford says a 70-30 chance that the president would announce that he would neither seek nor accept the nomination.

The signs, Wilford said, were bunched throughout Mr. Reagan's long, postmaster State of the Union speech. The reference to "the leadership of Vice President Bush" was one of the subtle signs; Wilford said. The tone and texture of Mr. Reagan's f-brought-America-back-standing-tall-with-courage-confidence-and-hope speech had a scent of resignation. "When an old man talks like this," his mind is on his gold watch," Wilford said.

He's rewarded his rich friends; he's reversed black gains; the military's rolling in the dough. There's nothing ahead of him but the deficits, unemployment and Andropov's successor, so he's clearing out," Wilford said. "His speech put a bright face on the ocean swells, but he knows the typhoon is just ahead. Besides, how many more of those speeches can he read before even the media catch on to the reality that he is not a great communicator, but rather a great speech reader?" I told Wilford that I would reveal his prediction, and I promised that should he prove right I will reveal his name.

—Les Payne in Newsday (Melville, New York).

LETTERS TO THE EDITOR

Recalling Malcolm Kerr

Very few among American intellectuals have understood our Middle East dilemma as well as the late Malcolm Kerr. As a Palestinian-Lebanese student of Mr. Kerr, I often disagreed with his views and harsh conclusions. But he was always willing to listen and provoke discussion when many others failed to do so.

Malcolm Kerr was neither pro-Arab nor pro-Israel. He was a free thinker, a resourceful intellectual. While some were absorbed with their biases, Mr. Kerr was always ready to see the other side of the coin.

—FOWZI E. FARAH, Kuwait.

Up From the Depths

It is with sorrow that I emerge from the depths of the Atlantic, which you have assigned all the good residents of Portugal. How could you do that to such a modest, hardworking people? I must protest that places in your Dec. 30 editions that map Spain at the southwestern tip of Europe, bordering on the Atlantic.

—THEODOR H. UNTERMAN, Cascais, Portugal.

Crime in Saudi Arabia

Although informative and generally correct, David Lamb's report "Saudi Credit Islamic Law With Keeping Crime Rate Down" (THT, Jan. 12) lets stand unchallenged the critics' explanation that crime is low

in Saudi Arabia because Saudis are rich and not one is poor. Well, Saudi society has only just begun the battle against widespread poverty.

The material wealth of a visible few, greatly overshadowed by shabby homes, lack of clean water and electricity and the illiteracy of the majority. Yet the kingdom's rulers have made great efforts to overcome this poverty and may transform Saudi Arabia into a largely middle-class society by the end of this decade.

In light of this, I look back upon the West and wonder. Neither our general material wealth nor the particular affluence of individuals seems to make any great difference as to the propensity to commit crime. If this is the case, then the perception of what is criminal and the formation of society must be quite different in the West and in Saudi Arabia.

—STEVEN T. THOMAS, Mazama, Bahrain.

It's Oduber, of Course

Regarding "A Socialist Leader's Mixed Reactions" (THT, Jan. 21): When a Latin American of the stature of former President Daniel Oduber of Costa Rica makes a contribution, you might refrain from signing it "Daniel O. Quirós." Or would you perhaps refer to Cervantes as "Miguel de C. Saavedra"?

—JOHN R. HURT, Rome.

More letters, Page 5.

France Redepletes Effort to Exp

French forces extend over Chadian territory in what military sources in Paris see as a major step. The strategy, according to newspaper Le Monde, is to bring the former French troops out of

France Redeployed Troops in Chad In Effort to Expel Libya, Report Says

PARIS — French forces extended their control over Chad territory over the weekend in what military analysts in Paris see as a major strategic shift. The strategy, according to the newspaper *Le Monde*, is aimed at forcing Libyan troops out of the country.

French helicopter crews conducted a reconnaissance mission Saturday over a new defense zone located on Friday after troops moved about 100 kilometers north of the former French "red line" across central Chad. The crews detected "no hostile presence" and no new clashes have been reported in Chad since rebel forces shot down a French Jaguar aircraft on Wednesday, killing the pilot. The jet was on a reconnaissance flight after rebels attacked a Chad government position at Ziguin, 200 miles north of N'djamena, the capital.

Military analysts in Paris said sandstorms in the war zone since Thursday hindered an immediate French retaliatory strike against the Libyan-backed rebels of the former Chad president, Goukouni Oueddei.

But France had signaled a change in strategy by advancing its troops, they said. The troops have been given orders to engage any hostile forces in the area.

Le Monde said: "It is no longer a question of stopping the Libyan penetration in Chad and in the process saving the regime in N'djamena as was the case in August. It is a question of making Tripoli retreat."

The move brings French soldiers to the forward defense line established by the government forces of President Hissène Habré 120 miles south of the main rebel bases at Fada and Faya-Largeau.

The military analysts said the 3,000-member French force supporting the government troops of Mr. Habré was in range of direct contact with the rebels.

They said the new security line could be reached by Libyan fighters based in southern Libya and in the contested Aouzou strip.

The only serious battle in Chad since French troops arrived last August to support the Habré government took place at Oum Chalouha, within the new defense zone, in September. In that battle, a rebel column clashed with Mr. Habré's forces.

To counter the increased risk of moving closer to enemy territory, France has increased its air strength in N'djamena with more Mirage jet fighters, Jaguars and Breguet-Atlantic reconnaissance planes, military sources said.

They said the latest arrivals would make the triple French air power and allow long range missions. A Defense Ministry spokesman refused to comment.

France dispatched troops to help the government forces halt a rebel drive southward in August. Hostilities ended with a military stalemate that failed to produce a diplomatic solution and effectively partitioned the country.

Although Libya has consistently denied having troops in Chad, France said it believed Libya was to blame for last week's incidents.

Le Monde said French reconnaissance of Torodoum, a rebel fall-back position north of Ziguin and lying within the new defense zone, showed heavy armaments that could not have been deployed without major support from Libya.

It said the Libyan Army was well-supplied with the Soviet-made weapons sighted at the Torodoum oasis.

A spokesman for the rebels in Chad warned Saturday that France's troop movements could provoke anti-French reprisals and direct intervention by Libya, United Press International reported from Paris.

Abderahman Moussa, the Paris spokesman for Mr. Goukouni, said France had "chosen to fan the flames by boosting its military strength and extending its red line," or forward defenses.

"France must naturally expect an appropriate response from the Chadrian patriots," Mr. Moussa said.

He said the rebel organization has appealed to Libya "to be ready to intervene alongside the forces of the National Liberation Army, in accordance with the defense agreements signed by the two countries."

Stay in UNESCO, Mauroy Tells U.S.

LILLE, France — Prime Minister Pierre Mauroy called Sunday on the United States to reconsider its decision to withdraw from UNESCO. He praised its director general for his "persevering, courageous" leadership of the agency.

In a meeting with Amadou Mahtar Mbow, director general of the United Nations Educational, Scientific and Cultural Organization, Mr. Mauroy said the U.S. decision would create a "serious loss of representativeness" to the entire international community.

Mr. Mauroy voiced hopes that the United States "would reverse its decision."

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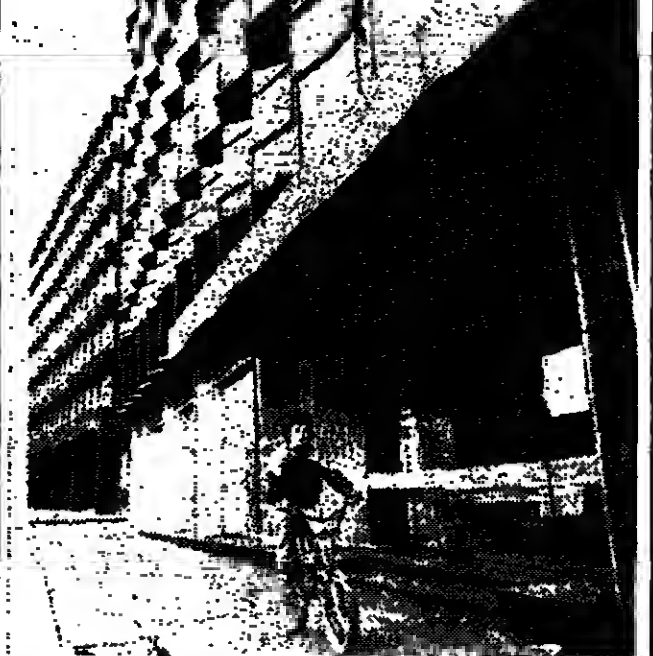
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BAD TIMES — The headquarters of The Times and Sunday Times in London were deserted over the weekend after a walkout by clerical staff Thursday. The government arbitration service intervened Sunday to arrange talks between a staff union and management but said neither side had agreed to meet with the service.

Nonaligned Draft Urges U.S. to Stay in UNESCO

JAKARTA — Officials at the Nonaligned Information Ministers Conference will be asked to reaffirm support for UNESCO without direct condemnation of the United States for its planned withdrawal from the United Nations agency, a conference spokesman said Sunday.

A drafting committee representing the 68 countries at the meeting in Jakarta approved Sunday a motion on UNESCO, the United Nations Educational, Scientific and Cultural Organization, to be proposed at Monday's final session, he said.

The motion will mention the need for universal membership in UN groups but will not refer to the announced intention of the United States to pull out by 1985.

"The resolution is not based on confrontation," the spokesman said. "That's why we'll utilize 'universality'."

Members such as Cuba and Nicaragua wanted a strong condemnation of Washington. But the spokesman's remarks apparently indicated that countries favoring a softer line, including Indonesia, India, Yugoslavia and Egypt, had prevailed.

The U.S. government last month formally announced its intention to withdraw from UNESCO, saying it was becoming too politicized, had mismanaged its budget and was trying to restrict press freedom.

A UNESCO spokesman, Dileep Padgaonkar, strongly defended the organization Sunday, saying it had taught 15 million people in poor countries to read and write and trained 15,000 teachers. It had repeatedly expressed a commitment to press freedom and pluralism in the media, Mr. Padgaonkar said.

During three days of full sessions, delegates were virtually unanimous in complaining that world news was dominated by news organizations that looked at developing countries through Western eyes.

Agricultural output was listed as growing by 4 percent in 1982 after a decline of 2 percent in 1981.

For the third consecutive year, no figures were given on the Soviet grain harvest.

The target for this year's harvest had been 238 million metric tons (261.8 short tons), but the U.S. Department of Agriculture estimated the grain yield was probably about 200 million tons.

That would compare with the 180 million metric tons harvested in 1982, according to U.S. figures. Soviet oil wells produced 616 million tons in 1983, equal to 12.32 million barrels a day, Tass said.

That would be an improvement over the 613 million tons produced in 1982, but still shy of the target of 619 million tons.

Among the sectors that exceeded their targets in 1983 were natural gas, several nonferrous metals, agricultural chemicals and computing equipment, Tass said.

Producers of most consumer goods met their targets, the report said. But it said that coal, steel and mineral fertilizer output fell short of planned production.

Press Rights in Britain: An Attack on Sources

Trial of Official for Leaking Memo Revives a 'Right-to-Know' Dispute

By Keith Richburg
Washington Post Service

LONDON — Until recently, Sarah Caroline Tisdall was a promising 23-year-old on the first rung of a British diplomatic career. Now she is going on trial and faces the prospect of a two-year prison term.

The allegation: leaking a government memo to a British newspaper.

Miss Tisdall's case has brought a long-simmering dispute to a head. At issue are the rights of journalists and their need to protect sources in a nation that has no American-style freedom of information law, but does have an Official Secrets Act.

Last October, The Guardian newspaper received in the mail a photocopy of a classified memorandum from Defense Secretary Michael Heseltine to Prime Minister Margaret Thatcher. It gave the date for the arrival of U.S. cruise missiles in Britain, and explained Mr. Heseltine's plans for handling the expected negative publicity from protesters, who were already planning demonstrations.

The newspaper printed a story giving the planned date for the missiles' arrival as Nov. 1. It later printed the full text of the memo. The government lawyers and the judges in the case were later to agree that its contents in no way endangered security, but the leak was embarrassing politically. Emotions were running high, and Mrs. Thatcher's government was in the midst of a vigorous counterattack against critics of deployment.

The government enlisted Scotland Yard to trace the "mole," on the grounds that anyone who would leak an internal document was "untrustworthy" and a bad security risk.

Detectors soon identified Miss Tisdall but only after Guardian editors, obeying a court order, returned the photocopy to the government.

The decision to return the document caused despair among journalists and press advocates, who have already seen the principle of confidential sources whittled away by a series of recent court cases.

It also illustrates the stringent restraints that bind journalists in Britain, where even receiving leaked documents is a crime and where reporters are regularly prosecuted for practices considered commonplace by their American counterparts — such as interviewing jurors after a trial.

British journalists have no rights similar to those protected under the First Amendment in the United States to counter a court's contempt citation. There is no Freedom of Information Act by which a newspaper can obtain documents lawfully. Even the right to protect sources appears to have been thrown out with the Tisdall case.

This is not to say that British newspapers do not have access to classified information. Journalists are routinely given top-secret information under the "lobby system," whereby top officials brief journalists, and provide them with documents, on condition that no names appear in print.

Some journalists and civic groups have launched an intensive lobbying campaign for more openness in government. The campaign has been given new impetus this year with the support of the three opposition leaders, Neil Kinnock of the Labor Party, David Steel of the Liberal Party and David Owen of the Social Democratic Party.

They are pushing for a freedom of information law, repeal of the Official Secrets Act, a new law that would allow accused "whistleblowers," people in government who leak classified information, to claim in their defense that the public had a right to see the documents, or that the leak was in the public interest.

"You can leak something that saves the country and you can still be found guilty," said a campaign spokesman. "The disclosure issue is a crime. You can't defend it on the grounds that you did it in the public interest."

A 1981 contempt of court act was supposed to protect journalists from revealing their sources but the judges in this case ruled that national security concerns take priority over confidentiality.

The Observer wrote: "The right to know is the missing link in our democracy. Until our system is opened up, the press will be obliged, like publicists and civil servants, to use a variety of bold-and-corner devices to keep our society properly informed. Mole is a part of this devious process — and their addresses will continue to be safe at this address."

The most immediate focus of the criticism is the omnibus Official Secrets Act, which was approved in 1911 — after a half-hour debate — in net German spies during World War I. Lately the act has been aimed at civil servants who leak information to reporters.

A government-appointed commission decided in 1972 that the Official Secrets Act, or specifically the catch-all section dealing with classified information, was "enormously wide." Since that report, successive Labor governments promised to modify the act, but no action was ever taken.

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They are pushing for a freedom of information law, repeal of the Official Secrets Act, a new law that would allow accused "whistleblowers," people in government who leak classified information, to claim in their defense that the public had a right to see the documents, or that the leak was in the public interest.

"You can leak something that saves the country and you can still be found guilty," said a campaign spokesman. "The disclosure issue is a crime. You can't defend it on the grounds that you did it in the public interest."

A 1981 contempt of court act was supposed to protect journalists from revealing their sources but the judges in this case ruled that national security concerns take priority over confidentiality.

The Observer wrote: "The right to know is the missing link in our democracy. Until our system is opened up, the press will be obliged, like publicists and civil servants, to use a variety of bold-and-corner devices to keep our society properly informed. Mole is a part of this devious process — and their addresses will continue to be safe at this address."

The most immediate focus of the criticism is the omnibus Official Secrets Act, which was approved in 1911 — after a half-hour debate — in net German spies during World War I. Lately the act has been aimed at civil servants who leak information to reporters.

A government-appointed commission decided in 1972 that the Official Secrets Act, or specifically the catch-all section dealing with classified information, was "enormously wide." Since that report, successive Labor governments promised to modify the act, but no action was ever taken.

Press Rights in Britain: An Attack on Sources

Trial of Official for Leaking Memo Revives a 'Right-to-Know' Dispute

By Keith Richburg
Washington Post Service

LONDON — Until recently, Sarah Caroline Tisdall was a promising 23-year-old on the first rung of a British diplomatic career. Now she is going on trial and faces the prospect of a two-year prison term.

The allegation: leaking a government memo to a British newspaper.

Miss Tisdall's case has brought a long-simmering dispute to a head. At issue are the rights of journalists and their need to protect sources in a nation that has no American-style freedom of information law, but does have an Official Secrets Act.

Last October, The Guardian newspaper received in the mail a photocopy of a classified memorandum from Defense Secretary Michael Heseltine to Prime Minister Margaret Thatcher. It gave the date for the arrival of U.S. cruise missiles in Britain, and explained Mr. Heseltine's plans for handling the expected negative publicity from protesters, who were already planning demonstrations.

The newspaper printed a story giving the planned date for the missiles' arrival as Nov. 1. It later printed the full text of the memo. The government lawyers and the judges in the case were later to agree that its contents in no way endangered security, but the leak was embarrassing politically. Emotions were running high, and Mrs. Thatcher's government was in the midst of a vigorous counterattack against critics of deployment.

The government enlisted Scotland Yard to trace the "mole," on the grounds that anyone who would leak an internal document was "untrustworthy" and a bad security risk.

Detectors soon identified Miss Tisdall but only after Guardian editors, obeying a court order, returned the photocopy to the government.

The decision to return the document caused despair among journalists and press advocates, who have already seen the principle of confidential sources whittled away by a series of recent court cases.

It also illustrates the stringent restraints that bind journalists in Britain, where even receiving leaked documents is a crime and where reporters are regularly prosecuted for practices considered commonplace by their American counterparts — such as interviewing jurors after a trial.

British journalists have no rights similar to those protected under the First Amendment in the United States to counter a court's contempt citation. There is no Freedom of Information Act by which a newspaper can obtain documents lawfully. Even the right to protect sources appears to have been thrown out with the Tisdall case.

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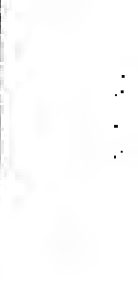
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In Muscat

Palm Beach

A RENAISSANCE



Palm Beach in the 20's.
Tricolor bathing suit from Leonard's at the Breakers' pool

Elegance... it began at the Breakers

by AGNES ASH

Julian Fellowes, a London-schooled dramatic actor who also works for Walt Disney Productions thus indicating his wide range of experience in fantasy, made his first visit to Palm Beach recently.

Fellowes observed the meticulous maintenance of private and public greens, the unwrinkled linens wrapping the inhabitants and declared, "This is the only place in the United States that is completed. All other American cities, and the people in them, appear to be under construction."

While the observation wasn't accurate in fact, it was accurate in feeling. Palm Beach is rigidly neat. Mansions, no matter how large, are regularly painted and roofed,

hedges are trimmed to a specific height by local law, nobody goes shoeless or shirtless on the public streets even if they are bicycling to the beach.

Palm Beach is an island. This statement is often challenged by visitors who insist on getting their geography right. The island 14 miles long and one half mile wide at its fullest point, dead ends on the North and the Palm Beach inlet separating it from another community, "Singer Island." To the South it is connected by a series of bridges along route A1A, to other resort spots along Florida's Atlantic coastline.

Flagler never saw Palm Beach until a few years after he had completed the Ponce de Leon Hotel in St. Augustine, Florida,

built at a cost of about \$2 million. In 1893 when Flagler's railroad was being pushed southward, Flagler decided to "create the real paradise of his heart, Palm Beach," according to one of his biographers. He bought his land from another legendary American industrialist, Robert R. McCormick of International Harvester, who settled in Palm Beach in the late 1870s. This purchase started a boom that raised prices of land once considered "swampland" as high as \$1,000 an acre. Today an acre would go for at least one million dollars.

When Royal Poinciana Hotel opened, Flagler's railroad had been completed to West Palm Beach, but the work was not (Continued on Page 8, Col. 1).

Banking services reflect the needs of new internationals

by SHARON DENNY

PALM BEACH — A new wave of European emigration is headed for America. But the westward pioneers of 1984 differ greatly from the ancestors that preceded them across the Atlantic. As one German industrialist who has moved his family to this island community notes, "We are the second phase of an immigration that began with our grandparents. The difference is, we are coming with wealth, not with one broken down suitcase. And we're not arriving through Ellis Island," he adds. "We're coming through Miami International Airport."

For the most part, after landing in Miami, these Europeans head 70 miles north and settle in Palm Beach County, an area whose population has doubled in the past decade, due in no small part to the influx of foreigners.

Growth of this magnitude has forced sweeping changes. Once a winter haven for cold-weather-weary and wealthy Americans, Palm Beach has become a vibrant international community. And perhaps no other fierce rivalry industry more aptly reflects the transformation than banking.

Just six years ago, First National Bank of Palm Beach had only two branches, both located on the island of Palm Beach. Today it has eight branches, five of them on the mainland in Palm Beach County, where developers have carved communities out of what once was swamp and scrub.

The town of Palm Beach has always been the scene of fierce banking rivalry because of its extraordinary affluent citizenry, but growth and the influx of new residents has now made this a county-wide phenomenon. Dozens of financial institutions have moved here in pursuit of new concentrations of wealth. In 1979, for instance, there were 92 bank branches in the county. Today there are 164.

But more than just opening new branches, First National has added sophistication to its banking services. Customers can buy a dozen foreign currencies at any of the bank's branches at a moment's notice. And to facilitate overseas fund transfers First National maintains correspondent relationships with banks in the United Kingdom, France, Germany, and Switzerland. It has established an Edge Act bank in Coral Gables. (Edge banks hold deposits of, and make loans solely to foreigners.)

"Many of the services that European banks have traditionally performed for their clients have not been allowed in the United States because of federal and state regulations," notes First National's President Thomas M. Keresey. But not any longer. Although modern, state-of-the-art banking already is in place in many of the world's financial capitals, it has arrived in Palm Beach County rather recently — but in a very big way.

To be sure, Europeans don't flock to Palm Beach because of its banking facilities. They come to Palm Beach and create the need for these services. But why Palm Beach County?

"In the last few years this area has held a tremendous attraction for Europeans," according to Keresey. "They are products of the new industrial wealth that has developed in Western Europe in the last decade. And they come here for a variety of reasons. Diversification of assets is not their only objective," he continues, "a European wants to raise their children here and give them an American education. Then they want to take them back to their homeland in the summer."

"But more than that," adds Keresey, "they are seeking what they feel is one of the last havens of safety in the world. A lot of the feeling among many of the Europeans coming here is that the NATO alliance is not the be all and end all it's supposed to be." (Continued on Page 9, Col. 5)



Denita Schaeffer (in an Emanuel dress) and son Alexander in Martha's window on Worth Avenue.

Martha: "First Lady of Fashion"

Martha came to Palm Beach in the early 30's, took one look at the place and decided to open a fashion salon "Because, to me, it was the most exciting place in the world. And you know, I'd been to Monte Carlo and all over the world," she said in a recent interview in Palm Beach.

"I was very impressed with Palm Beach," she added. "The surroundings were gorgeous and everybody was here to look beautiful and have a wonderful time. It was grandeur, it really was."

After opening in 1945 on Worth Avenue, up the street from the exclusive Everglades Club, Martha proceeded to change Palm Beach's fashion image and turned it into a winter resort where women dressed during the daytime as well as in the evening. "I really changed the tone," she said. "When I first came to Palm Beach, nobody bought any clothes really. They wore no color, only black and brown. After February, everybody disappeared."

Martha introduced pastels, elegant Liberty lawn dresses with

starched, white cuffs and collars, sable or ermine-lined shocking pink sweaters for evening and brought high fashion designers in person to Palm Beach. "I feel very responsible for the glamour I brought to Palm Beach," she said.

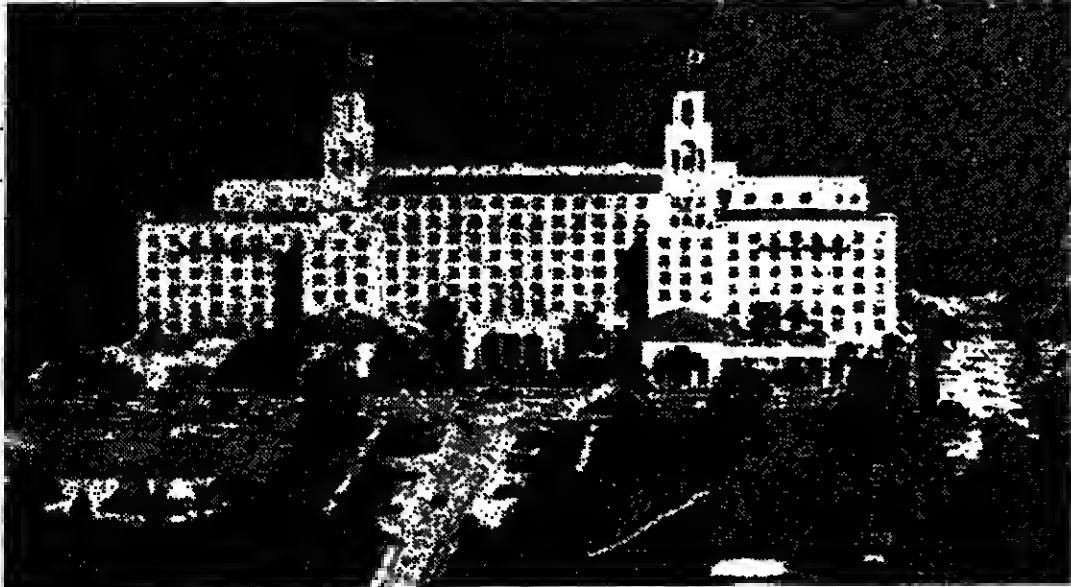
Today, her name is magic in the fashion industry and Martha is a class act all to herself. Whether she is advising clients (never dare call them customers) on what to wear and what not to wear, having a pleasant chat with old friend, French cosmetics queen Lilly Dache, covering international collections from Rome to Paris to New York or simply supervising the stock backstage, Martha is everywhere and sees everything. Jeweled to death, wearing an emerald the size of a champagne cork (almost), stacks of expensive chains, exquisitely coiffured dressed to kill by the best couture designers, Martha, as it is, is her own best publicity.

Watching her move about her store is fascinating. She never loses a minute, trotting around in mincing steps but never mincing words. To one and all, Martha tells it as it is, a quality true profes-

sional really enjoy. For her record for being first in recognizing the quality of world designers is rare. Her courage, conviction and unerring instinct have proved her right and have made her millions in a world where so many waver and hesitate. One after another, she discovered and brought to America Valentino, Milla Schon, Andre Laug, Laura Biagiotti and David and Elizabeth Emanuel (who designed Princess Diana's wedding dress and trousseau). The flamboyant London designer Zandra Rhodes recently recalled that "Only Martha would believe in a designer with orange hair."

Grateful designers have heaped praise on Martha, who has been something like their Godmother. At a recent black-tie dinner, at which she celebrated 50 years of career, Martha invited all her favorite designers, including Bill Blass who got up and called her "Our own First Lady of Fashion," adding that "To the world of fashion, Martha has meant courage - her spirit, instincts and sound fashion sense have all been (Continued on Page 8, Col. 8)

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EUROBONDS

By CARL GEWIRTZ

Rush of Money Into Market Allows Borrowing Costs to Fall Sharply

PARIS — While analysts pondered how much more the terms on the floating rate notes could be squeezed, money continued to pour into the market last week — enabling issuers to borrow money at a cost that no one would have dared think possible.

The biggest surprise of the week was Spain, regarded as one of Europe's weaker credits. It offered \$200 million of 15-year notes and within hours increased the amount to \$250 million. Investors have the option to request repayment after the eighth or tenth year.

Interest was set at a thin 1/4 point over the London interbank rate for six-month Eurodollars.

Spain's low cost of money shocked the market. Allowing for the 1/4 percent commission paid to banks, Spain will be paying in effect 28 basis points over Libor if the entire loan is repaid after eight years or only 22 basis points over Libor if investors decided to hold the notes for the full 15 years. One hundred basis points equal one percentage point.

A week earlier, the market was agog when Denmark — considered a better risk than Spain — issued \$500 million of 20-year notes at a cost of 23 basis points over Libor. A fair number of traders apparently sold the Danish paper short on the assumption that the price would have to fall sharply, but they were forced to back-track.

The price dropped 65 basis points early in the week but by Friday was up to a modest discount of 31 basis points.

As the cost of sovereign paper compressed, so did the cost of high-quality private-sector issues. Citibank, Sanwa Bank of Japan and Commerzbank all offered floaters with interest set at the interbank rate — the first issues to be offered in the Eurobond market without any margin over Libor.

Commerzbank, West Germany's third-largest bank, offered \$100 million of five-year floating rate notes with interest set at the three-month Libor rate. At the same time, it offered warrants entitling holders to buy \$100 million of five-year bonds at par bearing a coupon of 1 1/4 percent. The warrants were sold at \$12 1/2. This income coupled with the low (45 basis points) commission paid to market the floater reduced the bank's cost of funds to 20 basis points below Libor.

Citicorp Sells 7-Year Notes

Citicorp, which sold \$100 million of seven-year notes, will pay interest at the three-month interbank rate for sterling. A commission of 1/4 percent means it will pay 7 basis points over Libor for its money.

Sanwa's \$150 million of eight-year notes, with interest set at the six-month Libor rate, cost the issuer 12 1/2 basis points over Libor as it paid a commission of 1 percent.

Many analysts now believe that margin-free Libor will become the prevailing interest rate and that front-end commissions will be used to fine tune the yield to attract purchasers.

The buyers are mostly institutions that can claw back some of the commission for themselves. Floaters are increasingly being sold to U.S. institutions — money-market funds, savings and loan associations, insurance companies and corporate treasurers — who are drawn to Libor.

(Continued on Page 13, Col. 1)

Porsche To End VW Accord

Firm to Change U.S. Distribution

TROY, Michigan — Porsche AG, the West German sports car maker, has told Volkswagen of America that it is ending their 15-year distribution relationship in the United States, VW has said.

Volkswagen said Friday that it was told by Porsche that an import and licensing agreement will not be renewed when it expires Aug. 31. Volkswagen will continue to import and distribute Porsche cars until then.

"While we have not been informed of Porsche's future business and distribution plans for its products in the U.S., the potential consequences of the action are being studied," Volkswagen said.

A Volkswagen spokesman, Tom McDonald, would not comment on the value of the licensing agreement, "but you can imagine that distributing 22,000 cars per year at a cost of \$26,000 to \$45,000 per car represents a significant amount of money," he said.

Volkswagen sells Porsche sports cars and Audi sedans through its Porsche-Audi division, which has 323 dealers in the United States. It said a separate Audi division now will be set up. Audi is a division of Volkswagenwerk AG.

The automaker said it expects sales of Audis to equal or surpass sales of the current Porsche-Audi division because of Audi's sales growth and its future product plans.

Volkswagen has been the authorized U.S. importer of Porsche products since October 1969. Since then it has sold about 250,000 Porsches in the United States. Porsche sales last year were 22,000, the highest in Porsche history.

Porsche's decision is the latest in a series of setbacks for Volkswagen, which was the only U.S. automaker to record a decline in sales last year — a drop of 6.7 percent.

Volkswagen sales have declined steadily in the United States since 1980.



Perry Ellis, left, and Robert Haas, Levi's chief operating officer, signing agreement.

Levi Changes Tack, Signs Designer

By Pamela G. Hollie

New York Times Service

NEW YORK — Levi Strauss & Co., the largest U.S. apparel company, until now has resisted putting a designer label on its clothing.

But this month, with the announcement of a licensing agreement with the designer Perry Ellis, Levi joins a growing number of retailers and manufacturers who have teamed up with designers. Mr. Ellis will design a new line of sportswear, including a designer jeans, for the company.

"We have never done anything like this before," said Robert Haas, executive vice president and chief operating officer of Levi.

Indeed, the agreement is unusual in the retailing sector. For one thing, the garments will carry both the Levi and Ellis names.

"It's one of the few examples where the manufacturer's name will be given equal prominence to the designer's name," said Mr. Haas, a great-grandnephew of the founder, Levi Strauss.

The pact gives Mr. Ellis control of design, adver-

tising and distribution and calls for the creation of a new company called Perry Ellis America. Levi will be able to expand and upgrade one line of its sportswear and further reduce its dependence on jeans and work clothes.

Mr. Ellis, who will own 14 licensing agreements, said: "There are not very many risks involved. It's a wonderful opportunity to reach another audience."

Analysts said the Levi pact fits into the growing pattern of transactions between retailers, manufacturers and designers. To reach new markets, department stores and mass retailers have begun to look to designers to give them higher visibility and a broader range of products. And designers are now seeking ways to expand their markets and reach more consumers.

Last year, J.C. Penney Co., for example, made a ground-breaking agreement with Halston Enterprises to produce an inexpensive designer line called Halston III. Federated Department Stores, (Continued on Page 13, Col. 1)

Fed Is Expected To Hold Course Despite M-1 Fall

By Michael Quint
New York Times Service

NEW YORK — U.S. monetary policy is not expected to change significantly when the Federal Open Market Committee, the policy-making arm of the Federal Reserve System, convenes Monday and Tuesday, many analysts say.

The committee, consisting of the seven Federal Reserve Board governors, the president of the New York Federal Reserve Bank and a rotating group of four Federal Reserve Bank presidents, meets 10 times a year to decide what monetary policy would best promote U.S. economic expansion and price stability.

This week's meeting is especially important because it precedes by a week testimony by the chairman of the Federal Reserve Board, Paul A. Volcker, before congressional committees on Feb. 6 and 7.

Mr. Volcker's appearances before Congress every February and July are closely analyzed by credit market participants because the Fed chairman provides a more detailed explanation of central bank policy than is available from the published summaries of Federal

U.S. Consumer Rates For Week Ended Jan. 27

Passbook Savings	5.50 %
Text Exemplar Bonds	9.50 %
Money Market Funds	8.75 %
Danaher's 7-Day Average	8.50 %
Bank Money Market Accounts	8.50 %
Bank Rate Monitor Index	8.50 %
Home Mortgage	11.94 %
FHLB Overhead	11.94 %

Open Market Committee meetings. This week's meeting comes at a time when credit market participants are split into two camps — those who expect the next Fed move to be toward a tighter monetary policy with higher interest rates and those who expect an easier policy with lower interest rates.

Analysts from both factions agree, however, that the Fed may decide to hold policy stable until there are clear signs of a need for a change. For the past five months, monetary policy has been stable, as Fed officials seem to be satisfied with the current low rate of inflation and pace of the recovery.

"If there is any change in policy, it will be on the side of ease," said Irwin I. Kellner, chief economist at Manufacturers Hanover Trust Co. Last Friday's announcement of a \$2.7-billion decline in M-1, the narrowest measure of the U.S. money supply, was cited by Mr. Kellner as one more reason for the central bank to refrain from tightening its policy. M-1 consists of currency and checking and similar accounts.

"There is a growing chorus of monetarists who say that the Fed has already kept policy tight enough to push the economy into another recession," Mr. Kellner said. While a new recession is not imminent, Mr. Kellner said, the Fed might try to speed money supply growth because "another few months of little growth in money supply would tilt the economy dangerously close to a recession by summer."

Henry Kaufman, chief economist at Salomon Brothers, said last week that he still expects the Fed to gradually tighten monetary policy this year. But in the latest issue of Comments on Credit he said the Fed was not likely to make any changes in policy at this week's meeting.

"There is a natural unwillingness to depart from current policy in light of the continuing favorable performance of the economy and the low rate of inflation," Mr. Kaufman wrote.

U.S. May Set Penalties on Brazil Steel Imports

By Clyde H. Farnsworth

New York Times Service

WASHINGTON — The Commerce Department has determined that the United States should impose high penalty duties on Brazilian steel that the department says is being shipped at unfairly low prices.

The duties recommended in an internal staff memorandum could be as much as double the selling price of the steel. That steel, plate and sheet used mainly by the automobile and capital goods industries, is priced at \$200 to \$300 a ton, compared with about \$500 for the domestic product.

Such an increase could mean a loss of American customers, and a shrinkage of Brazil's foreign currency earnings when it desperately needs export earnings to make payments on its nearly \$100 billion of foreign debt. The products in question account for about one-fifth of Brazil's steel shipments to the United States.

The Commerce Department said the Brazilian shipments were being "dumped," a trade term meaning that they are priced below fair value.

A quota agreement was reached with the European Community in August 1982, limiting steel from the bloc to a little less than 6 percent of the U.S. market.

Japanese exporters have voluntarily held themselves in about the same market share as the European figure since the late 1970s.

Before the EC agreement was negotiated, the U.S. industry filed a series of similar unfair-trade cases against the Europeans. It was the threat of penalty duties that induced the Europeans to make a quota agreement, and some trade analysts believe a similar process may be under way with regard to steel imports from the principal Third World suppliers.

The Commerce Department action comes at a time when the Reagan administration is under heavy pressure from the domestic steel industry and members of Congress

like a quota arrangement with the United States, which would guarantee it a share of the U.S. market.

In accordance with rules of the General Agreement on Tariffs and Trade, the U.S. International Trade Commission must find that the dumped exports have injured U.S. producers before anti-dumping duties can be imposed.

The Commerce Department finding relates to three complaints against Brazilian companies filed last year by Bethlehem Steel Corp.

Brazil has protested to the department that the finding is overstated because of a devaluation of Brazil's currency.

Lionel H. Olmer, the undersecretary of commerce for international trade, said that Brazil had requested an "expedited review" of the findings in light of the devaluation and that "my feelings are to grant it."

Brazil has indicated that it would

from steel-producing areas to impose quota restraints on all imports from developing countries.

Since the European steel agreement, imports from developing countries, including Brazil, South Korea, Taiwan, Mexico, Venezuela, Argentina, Poland, Romania, Spain and South Africa, have risen by 30 percent, to 6.3 million tons last year, or about 7.6 percent of the domestic market.

Brazil, with total shipments of more than 1 million tons, accounted for about 20 percent of the Third World exports to the United States.

The surge in imports from Brazil and the other countries has led to a proliferation of complaints from the domestic industry charging that the steel is entering illegally.

According to the Commerce Department memorandum, dumping margins "ranged from 30.95 percent to 225.53 percent for hot-rolled carbon steel plate and from 33.47 percent to 178.73 percent for hot-rolled carbon steel sheet."

In Tight Market, Banks Are Expected To Look Again at Low-Return Loans

By Carl Gewirtz

International Herald Tribune

PARIS — In the years of the Euromarket's tremendous expansion, it was widely assumed that the thriving force behind international bank lending was not the demand from borrowers for cash but the competition of banks to grow by increasing their assets, or loans.

That competition drove lending margins down and banks that at first refused to concede such terms were forced by the pressure to grow to join the fray.

The emergence of the debt crisis in Latin America in 1982 put an end to all that. The game plan for

interbank rate, 1/4-point below the offered rate, would take FRNs paying 1/4-point over the bid rate and pocket commissions ranging up to 1 1/4 percent to squeeze out a barely acceptable rate of return on such assets.

But competition to buy FRNs has radically altered that market. Spreads over Libor and front-end commissions have collapsed. Spain, which less than a year ago paid 55 basis points over Libor to raise money in the FRN market, is now paying less than 30 basis points over.

This compression has obviously not run its course yet as Spain's latest FRN was well received.

The essential point, however, is that FRNs are ceasing to become a profitable outlet for banks that have to pay for their own funds. At the same time, banks are not likely to tell the treasurers of their multinational customers that they refuse to accept their deposits at the going market rate. So the deposit money is there and needs to be used.

The implication is that the banks will be driven in bid more aggressively for business that is not likely to go to the FRN market — Greece and Portugal, for example, which have both only once tapped the market on a very modest scale — and look again at business that had been shunned.

For many banks, this means taking a new look at Eastern Europe. Despite a rise of about \$100 million in loans outstanding to the Soviet Union between September 1982 and September 1983, the latest period for which data are available, loans to Eastern Europe have dropped \$3.5 billion, or about 7 percent over that period.

The Soviet Union has tried to break back into the market and

failed only because it is insisting on better terms, a half-point over the London interbank offered rate, than the banks are currently willing to concede, which is at least 3/4-point over Libor.

The Soviet Union is not in desperate need of cash and bankers appear in sense that its efforts are aimed at setting a rate against which other Eastern European borrowers would then align themselves. Meanwhile, bankers report that Czechoslovakia or Hungary might be the first to tap the market since lending was cut off after the Polish debt crisis.

Already, bankers report, short-term trade credits to Eastern Europe have become more plentiful and loan conditions as demands for collateral are easing.

Even Poland, the most sickly of the East-bloc credits, is now obtaining fresh unsecured trade credits, bankers report.

Also making a comeback is Turkey, which is currently trying to put together a loan of \$250 million for six years, paying 1 1/4 points over Libor or 1 1/4 points over the prime rate of U.S. banks.

A public test of how hungry banks are for new business may become available this week when Greek officials visit London bankers to sound out terms for a new \$500-million loan.

The bankers express concern about the country's balance of payments and its level of foreign reserves and insist it will have to pay to tap the market, including offering to price the new loan over the prime rate of U.S. banks. Only one Greek loan has ever been priced over the prime rate.

For their part, the Greeks believe that they can raise a portion, perhaps as much as \$100 million, through the sale of floating rate notes.

Loan syndications actually on offer are few. The biggest is for ENI, the Italian state-owned holding company, which is seeking to diversify away from the dollar as its main international borrowing currency.

It is seeking 250 million European currency units. The loan is divided into a five-year segment of 100 million units with interest set at half a point over the ECU interbank rate and an eight-year transaction for 150 million units with interest split at 1/4-point to 3/4-point over the interbank rate.

ENEL, Italy's electricity agency, is likely to be next to tap the ECU market.

Houston Natural Seen Fighting Bid

By Thomas J. Lueck

New York Times Service

NEW YORK — Houston Natural Gas Corp. is likely to do everything in its power to resist an unexpected \$68-a-share offer from Coastal Corp. for 45 percent of its shares, according to analysts.

However, Houston Natural, the largest U.S. intrastate pipeline company and a small oil and gas producer, declined Friday to say how it would respond to Coastal's surprise Thursday night offer.

M.D. Matthews, Houston Natural's chief executive officer, said the board would study the offer and act in the "best interests of both shareholders and employees."

But analysts said they are convinced that Houston Natural would defend itself by seeking a friendly suitor to make a higher bid

for 100 percent of its shares, or by some other means. Some suggested that Houston Natural, which as recently as October reported more than \$100 million in cash and marketable securities, might respond with a competing offer for control of Coastal.

"My deep sense is that Houston Natural will do everything it can to defend itself," Ernest S. Liu of Goldman Sachs Inc. said.

Coastal, an oil and gas producer, refiner and natural gas pipeline company, said Friday that its proposed takeover would create a "financially sound, well-balanced company."

In a formal statement, O.S. Wyatt, Coastal's chairman, added that the offer gives Houston Natural shareholders "a significant premium" for their shares.

Coastal already owns 5.7 percent of Houston Natural's shares. Its offer, totaling an indicated \$1.3 billion, would thus give it a 50.7-percent controlling interest in the Houston-based pipeline company.

In addition to its pipeline network, which totals 4,500 miles (7,300 kilometers) in southern Texas, and its oil and gas production unit, Houston Natural has a boat-building and marine-transportation business, and a unit that sells carbon dioxide to industry.

Coastal also said that it would bid for the remainder of Houston Natural's stock if it acquires the 45 percent it is seeking. However, it did not disclose how much it intends to offer in this "back side" of the tender, or whether its bid would be in the form of cash or stock.

On Friday, in heavy trading, Houston Natural shares rose more than \$5 in early trading, but fell back in close to \$60, up \$3.625 for the day. The company's shares had risen rapidly early in the week amid takeover rumors.

Coastal shares, meanwhile, rose \$3.375, in close at \$37.50. It is un-

U.K. Oil Output Reaches Record

Reuters

LONDON — Oil production in the British sector of the North Sea reached a record in December, according to the Royal Bank of Scotland.

Average daily production at 254 million barrels was 14 percent higher than in December 1982, the bank said Saturday. Average output in 1983 was 12 percent higher than in the previous year.

This was well above official expectations and could be explained by new fields opening and the major fields maintaining high production levels, according to the bank's economists. Oil revenues for December were likely to be more than \$900 million (\$1.26 billion), the bank said.

DeVoe-Holbein Int. NV. S 5 1/2 Bid - S 6 Ask

Adjusted for recent 2 1/2 for 1 stock split. Prices in U.S. dollars. Quotes as of January 27, 1984.

First Commerce Securities Inc. Herengracht 483 1017 BT Amsterdam Telephone: 020-26 09 01 Telex: 145077 firma nl

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Phone: The London Treasury Group Direct at 01-626-3266

Telex: MORSTN G8812564 Cable: MORGANSTAN LONDON

CURRENCY RATES

Late interbank rates on Jan. 27, excluding fees. Official fixings for Amsterdam, Brussels, Milan, Paris. New York rates at 4:00 pm EST.

	U.S.	DM	FF	£	Yen	Sw	Sfr	Yen
Amsterdam	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Brussels	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
London	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Paris	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Switzerland	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Yen	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Sw	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Sfr	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Yen	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20

Dollar Values

	U.S.	DM	FF	£	Yen	Sw	Sfr	Yen
Amsterdam	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Brussels	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
London	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Paris	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Switzerland	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Yen	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Sw	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Sfr	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20
Yen	2.348	4.82	112.85	36.79	161.84	147.20	147.20	147.20

1) Commercial Union (C) Amounts needed to buy one pound (1) Amounts needed to buy one dollar (1) Units of 100 (1) Units of 1000 (1) Units of 10. U.S. - not quoted. N.A. - not available.

Provided by White Weld Securities, London, Tel.: 623-1277; a Division of Financière Credit Suisse-First Boston
Prices may vary according to market conditions and other factors.

[illegible][illegible]

Bank Brussel Lambert N.V./Banque Bruxelles Lambert S.A.
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Generale Bankmaatschappij N.V./Société Générale de Banque S.A.

This announcement appears as a matter of record only.

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The Mitsubishi Trust and Banking Corporation	The Mitsui Bank, Limited	Mitsui Trust Bank (Europe) S.A.		
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Nitoni Trust Bank (Europe) S.A. London	Samoa Bank (Underwriters) London	Sanchez Schroder Wagg & Co. London	Smith Barney Harris Upham & Co. London
Saitama Bank (Europe) S.A. London	Standard Chartered Merchant Bank London	Suisse Bank International London	Suisse Bank International London
Svenska International Bank London	Svenska Bank Corporation International London	The Tokyo Moko Bank (Luxembourg) S.A. London	Wood Gundy Limited London
Tatler International Bank (Europe) S.A. London	S.G. Warburg & Co. Ltd. London	Westdeutsche Landesbank Frankfurt	
	Venezuela International (Export) London		

JANUARY 1984

	Sales	High	Low	Lead	Crab
WangB	2,254,300	34%	29%	30%	-3%
DomeP	1,671,000	3%	3%	3%	-4%
DarGoS	7,999,200	22%	20%	21%	+4%
TIE	1,482,800	25%	21%	23%	+2%
CondrC	847,900	5	4%	4%	-2%
PettLw	1,047,000	10%	8%	9%	-1%
VrbWat	721,800	15	7%	14%	+2%
OrinH	571,700	15%	7%	14%	+1%
EchoB	536,400	7%	6%	7	+4%
PetLw wt	534,600	2%	7%	2%	-3%

Date	Ask	Yld
2-1-22	1.75	1.75
2-2-22	1.75	1.75
2-3-22	1.75	1.75
2-4-22	1.75	1.75
2-5-22	1.75	1.75
2-6-22	1.75	1.75
2-7-22	1.75	1.75
2-8-22	1.75	1.75
2-9-22	1.75	1.75
2-10-22	1.75	1.75
2-11-22	1.75	1.75
2-12-22	1.75	1.75
2-13-22	1.75	1.75
2-14-22	1.75	1.75
2-15-22	1.75	1.75
2-16-22	1.75	1.75
2-17-22	1.75	1.75
2-18-22	1.75	1.75
2-19-22	1.75	1.75
2-20-22	1.75	1.75
2-21-22	1.75	1.75
2-22-22	1.75	1.75
2-23-22	1.75	1.75
2-24-22	1.75	1.75
2-25-22	1.75	1.75
2-26-22	1.75	1.75
2-27-22	1.75	1.75
2-28-22	1.75	1.75
2-29-22	1.75	1.75
2-30-22	1.75	1.75
2-31-22	1.75	1.75
2-32-22	1.75	1.75
2-33-22	1.75	1.75
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2-41-22	1.75	1.75
2-42-22	1.75	1.75
2-43-22	1.75	1.75
2-44-22	1.75	1.75
2-45-22	1.75	1.75
2-46-22	1.75	1.75
2-47-22	1.75	1.75
2-48-22	1.75	1.75
2-49-22	1.75	1.75
2-50-22	1.75	1.75
2-51-22	1.75	1.75
2-52-22	1.75	1.75
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2-79-22	1.75	1.75
2-80-22	1.75	1.75
2-81-22	1.75	1.75
2-82-22	1.75	1.75
2-83-22	1.75	1.75
2-84-22	1.75	1.75
2-85-22	1.75	1.75
2-86-22	1.75	1.75
2-87-22	1.75	1.75
2-88-22	1.75	1.75
2-89-22	1.75	1.75
2-90-22	1.75	1.75
2-91-22	1.75	1.75
2-92-22	1.75	1.75
2-93-22	1.75	1.75
2-94-22	1.75	1.75
2-95-22	1.75	1.75
2-96-22	1.75	1.75
2-97-22	1.75	1.75
2-98-22	1.75	1.75
2-99-22	1.75	1.75
2-100-22	1.75	1.75

[illegible]

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NEW EUROBOND ISSUES

Issuer	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
Deutsche Bank Finance	DM100	1994	7 1/2	99 1/2	7.58	First callable at 101 1/4 in 1990.
IADB	DM100	1991	8 1/2	100	8 1/2	Noncallable. Private placement.
Canadian Occidental Pet.	CS 50	1999	12 1/2	99 1/2	12.52	Indicated yield for a 5-yr. floating rate at issuer's or lender's option in 1989 and 1994. Issuer may set new coupon one month before each redemption date.
Bank of Tokyo (Curacao)	SCU 40	1991	10 1/2	100	10 1/2	Callable at 101 in 1987.

Money Continues to Pour Into Eurobond Market

(Continued from Page 11)

because it is priced at 10 percent, is 104 basis points over the six-month Treasury bill rate, 86 basis points over U.S. domestic bank certificates of deposit and 80 points over commercial paper.

Thus, all things being equal, Libor-pegged paper represents an instant pickup in yield for basis-point-sensitive U.S. investors. A margin over Libor makes Eurobond purchases even more attractive — but U.S. institutions do not have to have that margin; Libor alone is enough of an appeal to draw them to this market.

"The only problem with this view is that all things may not always be equal."

The essence of a money market is its liquidity, the assurance that paper can be sold at face value any time or, at worst, held to maturity with no risk of capital loss.

Floating rate notes, in contrast to U.S. money-market instruments, do not mature in six months. The coupon is reset at that time, which means the value of the notes will reflect prevailing conditions. But there is no obligation for anyone to buy paper offered.

"Floater currently trade as if demand at any coupon date will be sufficient to assure that the notes trade at the original purchase price. As a result, maturities have been stretched out and floaters regarded as quasi-perpetual six-month instruments."

But what happens if today's buyers become tomorrow's sellers? Who will buy the paper? How secure is the face value of floating rate notes, regardless of how realistic the coupon is relative to short-term interest rates, if sellers outnumber buyers?

The optimists believe the floating rate note market has become a permanent adjunct to the New York money markets and that the liquidity is here to stay.

But pessimists, of which there are many, see a potential for capital loss. Astounded by the compression in spreads and the implicit improvement in credit standing, these analysts fear that a reversal may occur.

They argue that if the current low concern about liquidity were to evaporate and as a result historical Eurobond yield differentials between borrowers were to re-emerge, the compression on spreads now being witnessed would be reversed. As a result, the price of sovereign floating rate notes would have to fall sharply.

A loss of capital, it is feared, could trigger an evacuation from the market as investors who misperceived the risks rush to get out. At present, this is clearly a minority view. The volume of floating rate notes — \$340 million of new issues last week and \$1.35 billion a week earlier — speaks for itself.

Other new floaters include \$250 million for the Italian state railway, Ferrovie dello Stato, which is offering 14-point over Libor. Investors can request redemption after eight or 10 years or hold the notes to final maturity in 15 years. Ferrovie's cost of funds, including commissions, is 40 basis points over Libor if the entire issue is repaid after eight years, 37 basis points if held for 10 years or 33 points if outstanding for 15 years.

Union Bank of Norway is also in the market, raising \$50 million at 1/4 point over Libor for 15 years. In the fixed-coupon market, the notable development is the special status accorded top U.S. corporate names. General Electric Credit, for example, sold \$200 million of seven-year bonds a week ago at par bearing a coupon of 11 percent.

Last week, the paper was quoted at a discount of 7 1/2, certainly a disappointment for anyone who bought at the offering price. But even at the discounted level, the GE paper was yielding 35 basis points below comparably dated U.S. Treasury paper.

Dealers said the GE paper was being absorbed and noted that the supposedly unattractive yield was no deterrent to investors who liked the name of the borrower.

Bankers expect that other quality U.S. companies will be drawn to this market even though they may not be pressed to seek funds. The assumption is that U.S. interest rates are not likely to tumble as the recovery progresses and that the opportunity to borrow at so much below the domestic benchmark level is too good to be ignored.

Bankers, however, do not enjoy this special status. Security Pacific offered \$100 million of eight-year paper at par bearing a coupon of 12 percent and tumbled to a discount of 9 1/2. The bank at the same made a private placement in the Far East of \$75 million of five-year notes at par bearing a coupon of 11 1/2 percent.

In the convertible market, Ono Pharmaceutical was the outstanding success of the week, trading at a when-issued price of 109. Its \$60-million bond issue was announced with an expected coupon of 3 1/2 percent and in light of the tremendous demand dealers were questioning whether this might be lowered by the time final terms are set on Feb. 3.

Despite the fury to buy Japanese shares that drove the Tokyo stock index to a record last week, the equity-linked issues for Nissbo Iwai and Kayaba Industries were lackluster performers compared to Ono.

In the Deutsche mark sector, the same preference for U.S. corporate names was apparent. In the wake of GMAC's 7-percent coupon on five-year notes and Allied Chemical's 7 1/2 percent on 10-year bonds, PepsiCo this week is expected to offer 250 million DM of 10-year bonds bearing a coupon of 7 1/2 percent.

Bankers report that the Swiss are big buyers of the U.S. corporate names and also returning to the DM market in the expectation that the currency is likely to appreciate against the franc.

Last week, Degussa sold 100 million DM of 10-year bonds bearing a coupon of 7 1/2 percent. The paper, issued at 99 1/2, was quoted at a discount of 1/4 point. At the same time, the Inter-American Development Bank made a private placement of 100 million DM of seven-year notes at par bearing a coupon of 8 1/2 percent.

In addition to PepsiCo, this week will see new issues for the World Bank, Credit National of France and the European Resettlement Commission.

Weekly net asset value

Tokyo Pacific Holdings N.V.

on January 23, 1984: U.S. \$124.77.

Listed on the Amsterdam Stock Exchange

Information: Pierson, Hekking & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

BAXTER/TRAVERO INTERNATIONAL CAPITAL CORPORATION
FIRST SERIE CONVERTIBLE PREFERRED STOCK

Bearer Depositary Receipts

Issued by Morgan Guaranty Trust Co. of New York

A distribution of \$0.63 per depositary share less any applicable taxes depending on the presenter's country of residence will be payable on and after January 23, 1984 upon presentation of coupon No. 25 at the office of any of the following depositaries:

— MORGAN GUARANTY TRUST CO. OF NEW YORK

• New York, 30 West Broadway

• London, 1 Angel Court

• Brussels, 35 Avenue des Arts

• Paris, 14 Place Vendôme

• Frankfurt, 46 Mainzer Landstrasse.

— KREDIETBANK S.A., Boulevard Royal, 43, Luxembourg.

Russians Build Share of West European Shipping

Business, Military Officials Worried by Moscow's Price-Cutting Tactics

By John Tagliabue

New York Times Service

BREMEN, West Germany — Although the freighter on the Weser River was out of Leningrad, its load of dark coffee beans, destined for the huge silos of such local roasters as Jacobs or General Foods' Hag subsidiary, came from the Caribbean.

A decade ago, Soviet freighters rarely came to West German ports. But the rock-bottom rates of Eastern-bloc merchant ships, mainly from the Soviet Union, have won them a widening share of seaborne traffic in Germany and throughout Europe.

European business and govern-

ment leaders are growing increasingly alarmed at the Soviet inroads, which, they say, are crushing European shipowners already hurt by a worldwide transportation recession, high fuel prices and bitter competition among themselves.

Moreover, European national security officials say that the expanding Soviet shipping activity heightens dependence on the Soviet Union for the transport of critical cargoes. And, they add, it provides an easy entry into major ports for large numbers of Soviet trade and consular officials who may take part in Soviet intelligence-gathering operations.

Upset by these concerns, the French government, which as-

sumed the presidency of the European Community on Jan. 1, is preparing legislation to protect Western shippers by curtailing the Eastern-bloc vessels' main trade weapon: price cutting.

"The Soviets operate without paying attention to costs," said Ralf Schneider, a spokesman for the Association of German Shipowners. "Competition is impossible."

According to the shipowners' group, about half of Soviet cargoes involve cross trade — trade between two nations other than the ship's home country. As a result, the group said, Russia's merchant ships move about 5.6 percent of world cargoes even though the Soviet economy generates only about 2.5 percent of world trade.

Prices and market shares on major world shipping routes are set by major shipping companies in arrangements called conferences. But European shippers complain that Soviet lines muscle into traditional trade routes by slugging conference prices and underbidding Western competitors.

Thus, within four years Soviet vessels on their way home after dropping goods in Cuba have captured about 13 percent of lucrative coffee and cotton cargoes from the Caribbean region to Western Europe by undercutting conventional prices by roughly a third.

Last autumn, the shipowners, with EC backing, reached agreement with Soviet transport officials on limiting price discounts and market shares in the Caribbean trade. And talks are scheduled for later this year on East African trade routes, where Russian vessels have moved in strongly.

"The problem hits the whole Hamburg-to-Bordeaux range," said Waldemar Hofmann, a former EC official, in describing the extent of European damage. Mr. Hofmann is now responsible for shipping in the West German Economics Ministry in Bonn.

In 1978, to avert damage to its shipping omissions — Britain, France, Germany, Belgium and the Netherlands — the EC began to monitor cargoes on major trade routes to Central America and East Africa. In 1981, the Far East was added.

French officials say their government plans an initiative to give Europe legal tools, such as countervailing duties, to offset price cutting by outside shippers. The action is prompted by continuing pressure from the Eastern bloc, they said.

Pressure has also grown from Polish shipping lines that are following the Soviet rate-cutting example to earn hard currency needed to repay Warsaw's huge foreign debt.

Meanwhile, the national security officials argue that the growing Soviet shipping strength poses a strategic as well as a commercial threat.

There is a Western tendency, unfortunately, to view this purely economically, as the rise of a competitor," said Vice Admiral Ansgar Bethge, a West German expert on Soviet shipping. "That is an error. And we shall pay for it."

According to Admiral Bethge, the large Soviet share of West German shipping — roughly one-tenth overall and as much as half or more for such other items as coffee — means that German ships assure only one-third of Germany's crude oil needs and one-fifth of its general freight handling.

Moreover, naval experts see a military potential in Soviet merchant vessels, which, they say, are more heavily built than Western ships. Soviet merchant crews, they add, are often oaky conscripts and its officers come from the naval reserve.

Military analysts predict that Eastern Europe's transportation ties with the West, and the chance to gain large shares of shipping, will grow in coming years.

Soviet and West German officials agreed last year to explore the feasibility of a rail-ferry link between the Russian Baltic Sea port of Klaipeda and northern Germany. This year, Romania will complete a \$1.7-billion Danube River canal that will facilitate Eastern European access to the Danube basin. Supplementing that project, the West German government has approved completion of a canal linking the Danube with the Rhine and Main river waterways. That project, Western European inland shippers say, will open the floodgates to cut-rate Soviet-bloc shipping.

Despite government and business concern, there is little enthusiasm in major European ports for curtailing Eastern-bloc shipping.

"We are a municipal port authority — we do business with all and any customers," said Robert Vieugles, director of the port authority of Antwerp, Belgium's largest port. Antwerp handles about 1,200 Soviet ships a year, he said.

Few European governments have yet taken action against the worldwide Soviet presence. One exception, however, is the Netherlands, where the government initiated Soviet officials last year by refusing a request to open a consulate in Rotterdam, the world's largest port.

Rotterdam officials backed the Soviet petition but the Dutch government argued that the harbor's NATO weapons and materiel ruled out a broad Russian presence there.

Dean Witter Faces Ban On S&L Stock Trading

By Michael Quint

New York Times Service

NEW YORK — Dean Witter Reynolds Inc., the securities-dealing arm of Sears, Roebuck & Co., could be required to stop trading stocks of savings and loan companies, according to a letter from the Federal Home Loan Bank Board, which regulates the savings and loan industry.

Since 1962, when Allstate Savings & Loan Association was made a part of the Dean Witter Financial Services Group, Dean Witter has been trading the stocks of other savings and loan associations, according to the terms of a special opinion from the bank board. That opinion, which exempted Dean Witter from rules prohibiting savings and loan holding companies from trading stocks of other savings and loan companies, was recently withdrawn.

"A letter has been sent from the bank board to Dean Witter regarding its trading in savings and loan stocks," said Douglas Green, a bank board spokesman. "It is against the law for a savings and loan holding company to trade in savings and loan stocks."

Bank Offers ECU CD, First in Luxembourg

International Herald Tribune

LUXEMBOURG — Banque Internationale à Luxembourg is offering the first European currency unit negotiable certificate of deposit issue in Luxembourg, amounting to 10 million ECUs (\$8.02 million). The CD is being offered for 6 months at 9 percent annually and for 24 months at 10 percent.

All of these securities having been sold, this announcement appears as a matter of record only.

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Dean Witter Reynolds Inc.

Levi Changes Tack, Signs Agreement With Designer

(Continued from Page 11)

which owns Filene's in Boston, Abraham & Strauss, Bloomingdale's and other well-known department stores, has signed a deal.

This month, the Limited Stores chain of Columbus, Ohio, said that they had made a licensing agreement with the Paris-based Japanese designer, Kenzo, to bring his clothes to the American mass market beginning this autumn.

The designers Anne Klein, Ralph Lauren and Calvin Klein have all expanded into the mass market, ready-to-wear category.

Mr. Ellis said he has been searching for five years for the right partner to assist him in an expansion into activewear.

"I have a designer line with no active sportswear parts to it," he said, adding, "I always wanted an opportunity to design a jeans."

Mr. Ellis said he had met with executives at Levi Strauss at various times over five years.

"The time was never right with them or myself," he said.

Gold Options (prices in \$/oz.)

Price	Feb.	May	Aug.
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